BUUS JENSEN
Statsautoriserede
Revisorer

MindKey Software A/S

Strandvejen 125, 2900 Hellerup

Company reg. no. 20 47 89 85

Annual report

1 July 2020 - 30 June 2021

The annual report was submitted and approved by the general meeting on the 27 October 2021.

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John Rasi Beckmann
Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's report

Today, the board of directors and the managing director have presented the annual report of MindKey Software A/S for the financial year 1 July 2020 - 30 June 2021.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 30 June 2021 and of the company's results of activities in the financial year 1 July 2020 – 30 June 2021.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Hellerup, 13 September 2021

Managing Director

John Rasi Beckmann

Board of directors

Henrik Skak Pedersen

John Rasi Beckmann

Independent auditor's report

To the shareholders of MindKey Software A/S

Opinion

We have audited the financial statements of MindKey Software A/S for the financial year 1 July 2020 to 30 June 2021, which comprise profit and loss account, balance sheet, statement of changes in equity, notes and accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position at 30 June 2021 and of the results of the company's operations for the financial year 1 July 2020 to 30 June 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the financial statements

Management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the financial statements, unless management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the financial statements.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used by management and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s preparation of the financial statements being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures in the notes, and whether the financial statements reflect the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management’s review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the financial statements, our responsibility is to read the management’s review and in that connection consider whether the management’s review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management commentary is in accordance with the financial statements and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management commentary.

Copenhagen, 13 September 2021

BUUS JENSEN
State Authorised Public Accountants
Company reg. no. 16 11 90 40

Arne Sørensen
State Authorised Public Accountant
mne27757

Company information

The company	MindKey Software A/S Strandvejen 125 2900 Hellerup	
	Company reg. no.	20 47 89 85
	Established:	24 September 1997
	Domicile:	Hellerup
	Financial year:	1 July 2020 - 30 June 2021
Board of directors	Henrik Skak Pedersen John Rasi Beckmann	
Managing Director	John Rasi Beckmann	
Auditors	BUUS JENSEN, Statsautoriserede revisorer	
Subsidiary	Mindkey Inc., USA, (no activities)	

Management commentary

The principal activities of the company

Mindkey Software develops HR system and Talent Management that supports all Human Resource processes from recruitment to termination of employees. In connection with this, the company provides assistance with implementation, process consulting and training.

Uncertainties as to recognition or measurement

The company's management is aware of the significant importance of development costs for the company. There will always be some uncertainty associated with valuing development costs in software developing companies. The management can state that the recent years' focus on product development has led to a strong, modern and competitive product, where an interesting yield is expected in the coming years. On this premises, management believes that the company's valuation of development costs is reasonable and justifiable.

Reference is made to notes in the annual accounts for mention of uncertainty in the recognition and measurement of those in the balance sheet recognized development projects with DKK 20 million. kr.

Development in activities and financial matters

The gross profit for the year totals DKK 10.454.000 against DKK 8.556.000 last year. Income or loss from ordinary activities after tax totals DKK 1.507.000 against DKK 624.000 last year. Management considers the net profit or loss for the year satisfactory.

Income statement 1 July - 30 June

All amounts in DKK.

Note		2020/21	2019/20
	Gross profit	**10.453.967**	**8.556.089**
2	Staff costs	-3.806.284	-2.305.779
	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-5.136.053	-5.337.537
	Operating profit	**1.511.630**	**912.773**
	Other financial costs	-79.061	-162.177
	Pre-tax net profit or loss	**1.432.569**	**750.596**
3	Tax on ordinary results	74.580	-126.258
	Net profit or loss for the year	**1.507.149**	**624.338**
	Proposed appropriation of net profit:		
	Transferred to retained earnings	806.216	0
	Transferred to reserve for development expenditure	700.933	2.164.825
	Allocated from retained earnings	0	-1.540.487
	Total allocations and transfers	**1.507.149**	**624.338**

Statement of financial position at 30 June

All amounts in DKK.

Note	Assets	2021	2020
	Non-current assets		
4	Completed development projects, including patents and similar rights arising from development projects	18.421.143	17.522.512
	Total intangible assets	18.421.143	17.522.512
5	Other fixtures and fittings, tools and equipment	0	34.684
	Total property, plant, and equipment	0	34.684
7	Deposits	223.000	190.000
	Total investments	223.000	190.000
	Total non-current assets	**18.644.143**	**17.747.196**
	Current assets		
	Trade debtors	1.603.747	1.481.406
	Income tax receivables	377.322	104.742
	Other debtors	0	40.158
	Accrued income and deferred expenses	2.377	34.977
	Total receivables	1.983.446	1.661.283
	Available funds	17.825	24.229
	Total current assets	**2.001.271**	**1.685.512**
	Total assets	**20.645.414**	**19.432.708**

Statement of financial position at 30 June

All amounts in DKK.

Note	Equity and liabilities	2021	2020
	Equity		
	Contributed capital	1.250.000	1.250.000
	Reserve for development expenditure	14.368.490	13.667.557
	Results brought forward	-9.563.021	-10.369.237
	Total equity	**6.055.469**	**4.548.320**
	Provisions		
	Provisions for deferred tax	3.173.000	2.975.000
	Total provisions	**3.173.000**	**2.975.000**
	Liabilities other than provisions		
	Bank debts	708.058	2.669.453
	Trade creditors	570.986	515.392
	Other debts	4.168.975	3.171.193
	Accrued expenses and deferred income	5.968.926	5.553.350
	Total short term liabilities other than provisions	11.416.945	11.909.388
	Total liabilities other than provisions	**11.416.945**	**11.909.388**
	Total equity and liabilities	**20.645.414**	**19.432.708**
1	**Uncertainties concerning recognition and measurement**		
8	**Charges and security**		
9	**Contingencies**		

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity 1 July 2019	1.250.000	11.502.732	-8.828.750	3.923.982
Retained earnings for the year	0	0	-1.540.487	-1.540.487
Transferred from retained earnings	0	2.164.825	0	2.164.825
Equity 1 July 2020	1.250.000	13.667.557	-10.369.237	4.548.320
Retained earnings for the year	0	0	806.216	806.216
Transferred from retained earnings	0	700.933	0	700.933
	1.250.000	**14.368.490**	**-9.563.021**	**6.055.469**

Notes

All amounts in DKK.

	2020/21	2019/20

1. Uncertainties concerning recognition and measurement

The company has recognized development projects with a book value of DKK 18 million in the balance sheet according to note 4. The estimates and assessments made are based on budgets and business plans regarding the coming years. Such estimates are inherently associated with uncertainty and unpredictability and if budgets are not met, the valuation may be lower.

2. Staff costs

	2020/21	2019/20
Salaries and wages	2.846.573	1.587.717
Pension costs	858.669	584.892
Other costs for social security	101.042	133.170
	3.806.284	**2.305.779**
Average number of employees	11	9

Wages and salaries are offset with t.kr. 4.265 (2019/20: t.kr. 4.856) regarding activated development costs why wages and salaries actually constitute t.kr. 8.071 (2019/20: t.kr. 7.162)

3. Tax on ordinary results

	2020/21	2019/20
Tax on net profit or loss for the year	-272.580	-104.742
Adjustment of deferred tax for the year	198.000	231.000
	-74.580	**126.258**

4. Completed development projects, including patents and similar rights arising from development projects

	2020/21	2019/20
Cost 1 July 2020	77.963.629	71.426.132
Additions during the year	6.000.000	6.537.497
Cost 30 June 2021	**83.963.629**	**77.963.629**
Amortisation and writedown 1 July 2020	-60.441.117	-55.163.820
Amortisation and depreciation for the year	-5.101.369	-5.277.297
Amortisation and writedown 30 June 2021	**-65.542.486**	**-60.441.117**
Carrying amount, 30 June 2021	**18.421.143**	**17.522.512**

Notes

All amounts in DKK.

		30/6 2021	30/6 2020
5.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 July 2020	234.725	234.725
	Cost 30 June 2021	**234.725**	**234.725**
	Amortisation and writedown 1 July 2020	-200.041	-139.801
	Amortisation and depreciation for the year	-34.684	-60.240
	Amortisation and writedown 30 June 2021	**-234.725**	**-200.041**
	Carrying amount, 30 June 2021	**0**	**34.684**
6.	**Equity investments in group enterprises**		
	Cost 1 July 2020	7.200	7.200
	Cost 30 June 2021	**7.200**	**7.200**
	Revaluations, opening balance 1 July 2020	-7.200	-7.200
	Revaluation 30 June 2021	**-7.200**	**-7.200**
	Book value 30 June 2021	**0**	**0**

Group enterprises:

	Domicile	Share of ownership
Mindkey Inc.	USA, (no activities)	100 %

		30/6 2021	30/6 2020
7.	**Deposits**		
	Cost 1 July 2020	190.000	190.000
	Additions during the year	33.000	0
	Cost 30 June 2021	**223.000**	**190.000**
	Book value 30 June 2021	**223.000**	**190.000**

8. Charges and security

As the collateral for bank facilities the company has issued a mortgage of DKK 5.000 thousand.

All amounts in DKK.

9. Contingencies

Joint taxation

The company is the administration company of the group of companies subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The liability relating to obligations in connection with withholding tax on dividends, interest and royalties represents an estimated maximum of DKK 0 thousand.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

Accounting policies

The annual report for MindKey Software A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or writedown for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

The enterprise will be applying IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue comprises the value of services provided during the year, including outlay for customers less VAT and price concessions directly associated with the sale.

Revenue is recognised in the income statement on the completion of sales. This is generally considered to be the case when:

- The service has been provided before the end of the financial year
- A binding sales agreement exists
- The sales price has been determined
- Payment has been received, or is anticipated with a reasonable degree of certainty.

This ensures that recognition does not take place until the total income and costs and stage of completion at the reporting date can be reliably validated and it seems probable that the economic benefits, including payments, will flow to the enterprise.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation, amortisation and writedown for the year and gains and losses on disposal of intangible and tangible fixed assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement as a proportional share of the group enterprises' post-tax profit or loss.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 7 years.

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement under amortisation and writedown for impairment.

Property, plant, and equipment

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	3 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement under depreciation.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Financial fixed assets

Equity investments in group enterprises

Equity investments in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Equity investments in group enterprises are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Equity investments in group enterprises with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Deposits

Deposits are measured at amortised cost and represent rent deposits, etc.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Income tax and deferred tax

As administration company, MindKey Software A/S is liable to the tax authorities for the subsidiaries' corporate income taxes.

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.