



## **GAVDI A/S**

Lyngbyvej 2, 1.  
2100 København Ø  
CVR No. 25057732

## **Annual report 2023**

The Annual General Meeting adopted the annual report on 18.06.2024

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**Jeffrey Bruun**

Chairman of the General Meeting

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# Entity details

## Entity

GAVDI A/S

Lyngbyvej 2, 1.

2100 København Ø

Business Registration No.: 25057732

Registered office: København

Financial year: 01.01.2023 - 31.12.2023

## Board of Directors

Lars Steffen Knudsen, chairman

Lise Hedegaard Koppelhus

Søren Koppelhus

## Executive Board

Søren Koppelhus

Jeffrey Bruun

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of GAVDI A/S for the financial year 01.01.2023 - 31.12.2023.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 18.06.2024

## Executive Board

**Søren Koppelhus**

**Jeffrey Bruun**

## Board of Directors

**Lars Steffen Knudsen**  
chairman

**Lise Hedegaard Koppelhus**

**Søren Koppelhus**

# Independent auditor's report

## To the shareholders of GAVDI A/S

### Opinion

We have audited the financial statements of GAVDI A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or 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 that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent 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 internal control that we identify during our audit.

#### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 18.06.2024

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Claus Jorch Andersen**

State Authorised Public Accountant  
Identification No (MNE) mne33712

**Rasmus Christiansen**

State Authorised Public Accountant  
Identification No (MNE) mne50632

# Management commentary

## Financial highlights

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>					
Revenue	99,448	97,184	98,065	91,466	81,689
Gross profit/loss	58,766	60,223	58,835	45,149	39,843
Operating profit/loss	2,362	5,658	9,933	3,201	90
Net financials	1,915	1,431	1,380	1,651	990
Profit/loss for the year	3,316	5,523	8,821	3,773	1,616
Total assets	59,385	86,796	85,116	79,332	82,622
Equity	25,110	63,720	58,198	49,377	45,603
Average number of employees	61	64	60	46	48
<b>Ratios</b>					
Gross margin (%)	59.09	61.97	60.00	49.36	48.77
EBIT margin (%)	2.38	5.82	10.13	3.50	0.11
Net margin (%)	3.33	5.68	9.00	4.13	1.98
Return on equity (%)	7.47	9.06	16.40	7.94	3.61
Equity ratio (%)	42.28	73.41	68.37	62.24	55.19

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

### Gross margin (%):

$\frac{\text{Gross profit/loss}}{\text{Revenue}} * 100$

Revenue

### EBIT margin (%):

$\frac{\text{Operating profit/loss}}{\text{Revenue}} * 100$

Revenue

### Net margin (%):

$\frac{\text{Profit/loss for the year}}{\text{Revenue}} * 100$

Revenue

### Return on equity (%):

$\frac{\text{Profit/loss for the year}}{\text{Average equity}} * 100$

Average equity



**Equity ratio (%):**

Equity \* 100

Total assets

### Primary activities

The company supplies advisory, implementation, technology and support services related to the people solutions from SAP including SAP HCM, SuccessFactors and SAP Concur.

Gavdi A/S is part of Gavdi Group A/S, the European leader in SAP People Solutions and one of the most recognized consultancies focusing on the cloud solutions from SAP.

Gavdi A/S continues to provide services to many of Denmark's largest private and public businesses.

### Development in activities and finances

Global and local market conditions continued to be demanding with less visibility and a high inflation especially in first half of 2023 which again effected Gavdi A/S cost base and margins due to sales prices didn't increase in same way.

Gavdi Group's own developed software for supporting Danish SAP HCM and SuccessFactors customers with enhanced functionality was per January 1st 2023 bought out of Gavdi Group company PXMSOFT A/S to provide an even stronger focus on expanding the products to the benefit of Gavdi A/S existing and potential new customers. By April 1st a team of 6 employees specialized in developing, implementing and selling Gavdi Group global software products like Easy document, Easy Recruit, Easy Hire, Easy Certify and Easy Org was transferred to PXMSOFT A/S to establish a leading organization for further streamline and growth of Gavdi Group's first in class products e.g. supporting compliance requirements and effective handling of HR documents.

With less employee base Gavdi A/S was able to grow its revenue with 2,3%, mainly due to 26% increase of Gavdi license revenue. Margins is under pressure and growth margin has decreased with 0,7% even as utilization has increased. EBIT margin for 2023 ended up with 2,4%.

Management is not satisfied with the results.

Customer satisfaction like previous years continues to be high and with our well establish service deliveries we provide great value for our customers in nearly all scenarios regarding their IT people solutions, if its advisory, implementation, maintenance and support, and development.

### Profit/loss for the year in relation to expected developments

Gavdi A/S did not reach its goals in terms of revenue growth and ended up well under expect profit margin for 2023 due to above reasons.

### Outlook

With inflation more in control and expectations of more stable conditions in Europe management expect increased revenue of 3-5% and an EBIT margin within the interval of 8-10%.

### Use of financial instruments

Management considers the company's risk exposure still to be medium in the present environment, due to continues war in Europe, other conflict zones that may affect global economy and by then also local market conditions and continues high interest rates. Risk areas are mainly related to how further escalation of the war in Ukraine can impact general economy, inflation not decreasing as expected or other factors due to ongoing conflicts in Middleeast or China/Taiwan and European economy going into recession. All these elements can have an immediate effect on our customers daily business, profitability and willingness for investments.

Management continues to monitor the situation and will quickly take needed measures if situation is developing in wrong direction. Except for this the Gavdi A/S is not exposed to any risks other than those that are usual for the sector. Gavdi A/S has a moderate currency exposure, but as this is mainly related to currencies that are pegged to the euro, management does not find additional hedging required.

### **Knowledge resources**

Considering its employees to be its most important asset and sustaining and strengthening competences to be crucial to its ongoing development, the company works continuously to offer relevant training and career development to maintain Gavdi A/S's position as an attractive and innovative workplace characterized by a high competence level, diversity and inclusion. Gavdi A/S has during and continued post Covid pandemic established more flexible working conditions with a working culture with well-established IT infrastructure allowing to work from home in an efficient way.

### **Events after the balance sheet date**

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

# Income statement for 2023

	Notes	2023 DKK	2022 DKK
Revenue		99,448,425	97,183,683
Other operating income	2	1,330,743	77,818
Other external expenses		(42,013,576)	(37,038,486)
<b>Gross profit/loss</b>		<b>58,765,592</b>	<b>60,223,015</b>
Staff costs	3	(55,903,628)	(54,565,197)
Depreciation, amortisation and impairment losses	4	(500,000)	0
<b>Operating profit/loss</b>		<b>2,361,964</b>	<b>5,657,818</b>
Other financial income	5	2,438,282	2,067,822
Other financial expenses	6	(523,124)	(636,969)
<b>Profit/loss before tax</b>		<b>4,277,122</b>	<b>7,088,671</b>
Tax on profit/loss for the year	7	(960,845)	(1,566,001)
<b>Profit/loss for the year</b>	8	<b>3,316,277</b>	<b>5,522,670</b>

# Balance sheet at 31.12.2023

## Assets

	Notes	2023 DKK	2022 DKK
Acquired intangible assets		1,000,000	0
<b>Intangible assets</b>	9	<b>1,000,000</b>	<b>0</b>
Other fixtures and fittings, tools and equipment		0	0
<b>Property, plant and equipment</b>	10	<b>0</b>	<b>0</b>
Deposits		729,168	670,480
<b>Financial assets</b>	11	<b>729,168</b>	<b>670,480</b>
<b>Fixed assets</b>		<b>1,729,168</b>	<b>670,480</b>
Trade receivables		30,332,674	18,862,774
Contract work in progress		1,817,744	925,298
Receivables from group enterprises	12	22,477,933	64,013,326
Deferred tax	13	62,857	5,041
Other receivables		181,400	22,952
Prepayments	14	775,448	2,198,530
<b>Receivables</b>		<b>55,648,056</b>	<b>86,027,921</b>
<b>Cash</b>		<b>2,008,153</b>	<b>97,468</b>
<b>Current assets</b>		<b>57,656,209</b>	<b>86,125,389</b>
<b>Assets</b>		<b>59,385,377</b>	<b>86,795,869</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2023 DKK</b>	<b>2022 DKK</b>
Contributed capital	15	500,000	500,000
Retained earnings		24,609,624	63,220,271
<b>Equity</b>		<b>25,109,624</b>	<b>63,720,271</b>
Other payables	16	3,663,094	3,812,709
<b>Non-current liabilities other than provisions</b>	<b>17</b>	<b>3,663,094</b>	<b>3,812,709</b>
Bank loans		3,590,441	3,375,466
Contract work in progress		5,390,959	1,950,560
Trade payables		2,068,339	1,769,570
Payables to group enterprises		7,484,208	5,363,802
Payables to shareholders and management		106,405	138,861
Joint taxation contribution payable		1,018,661	1,564,321
Other payables	18	8,695,708	4,803,940
Deferred income	19	2,257,938	296,369
<b>Current liabilities other than provisions</b>		<b>30,612,659</b>	<b>19,262,889</b>
<b>Liabilities other than provisions</b>		<b>34,275,753</b>	<b>23,075,598</b>
<b>Equity and liabilities</b>		<b>59,385,377</b>	<b>86,795,869</b>
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	20		
Assets charged and collateral	21		
Related parties with controlling interest	22		
Transactions with related parties	23		
Group relations	24		

# Statement of changes in equity for 2023

	Contributed capital DKK	Retained earnings DKK	Proposed extraordinary dividend DKK	Total DKK
Equity beginning of year	500,000	63,220,271	0	63,720,271
Extraordinary dividend paid	0	0	(41,926,924)	(41,926,924)
Profit/loss for the year	0	(38,610,647)	41,926,924	3,316,277
<b>Equity end of year</b>	<b>500,000</b>	<b>24,609,624</b>	<b>0</b>	<b>25,109,624</b>

# Notes

## 1 Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

## 2 Other operating income

Other operating income consists of salary compensation.

## 3 Staff costs

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	51,454,189	50,265,998
Pension costs	3,712,343	3,641,740
Other social security costs	450,830	500,505
Other staff costs	286,266	156,954
	<b>55,903,628</b>	<b>54,565,197</b>

Average number of full-time employees	<b>61</b>	<b>64</b>
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Remuneration to the executive board has not been disclosed in accordance with section 98b (3) of the Danish Financial Statements Act. The board of directors does not receive salary for their management positions, and only one member of the executive board receives salary in the company.

## 4 Depreciation, amortisation and impairment losses

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Amortisation of intangible assets	500,000	0
	<b>500,000</b>	<b>0</b>

## 5 Other financial income

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Financial income from group enterprises	2,371,177	1,922,000
Exchange rate adjustments	67,105	145,331
Other financial income	0	491
	<b>2,438,282</b>	<b>2,067,822</b>



## 6 Other financial expenses

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Financial expenses from group enterprises	169,000	74,000
Other interest expenses	136,855	130,183
Exchange rate adjustments	71,303	305,641
Other financial expenses	145,966	127,145
	<b>523,124</b>	<b>636,969</b>

## 7 Tax on profit/loss for the year

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	1,018,661	1,564,321
Change in deferred tax	(57,816)	1,680
	<b>960,845</b>	<b>1,566,001</b>

## 8 Proposed distribution of profit and loss

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Extraordinary dividend distributed in the financial year	41,926,924	0
Retained earnings	(38,610,647)	5,522,670
	<b>3,316,277</b>	<b>5,522,670</b>

## 9 Intangible assets

	<b>Acquired intangible assets DKK</b>
Additions	1,500,000
<b>Cost end of year</b>	<b>1,500,000</b>
Amortisation for the year	(500,000)
<b>Amortisation and impairment losses end of year</b>	<b>(500,000)</b>
<b>Carrying amount end of year</b>	<b>1,000,000</b>

## 10 Property, plant and equipment

	<b>Other fixtures and fittings, tools and equipment DKK</b>
Cost beginning of year	2,084,785
<b>Cost end of year</b>	<b>2,084,785</b>
Depreciation and impairment losses beginning of year	(2,084,785)
<b>Depreciation and impairment losses end of year</b>	<b>(2,084,785)</b>
<b>Carrying amount end of year</b>	<b>0</b>

## 11 Financial assets

	<b>Deposits DKK</b>
Cost beginning of year	670,480
Additions	58,688
<b>Cost end of year</b>	<b>729,168</b>
<b>Carrying amount end of year</b>	<b>729,168</b>

## 12 Receivables from group enterprises

Receivables from group enterprises in all material respects fall due after more than 12 months from the balance sheet date. It is management's expectation that the receivables are repaid over a period of 1-2 years.

## 13 Deferred tax

	<b>2023 DKK</b>	<b>2022 DKK</b>
Intangible assets	62,857	0
Property, plant and equipment	0	5,041
<b>Deferred tax</b>	<b>62,857</b>	<b>5,041</b>

	<b>2023 DKK</b>	<b>2022 DKK</b>
<b>Changes during the year</b>		
Beginning of year	5,041	6,721
Recognised in the income statement	57,816	(1,680)
<b>End of year</b>	<b>62,857</b>	<b>5,041</b>

### Deferred tax assets

As per 31 December 2023 the company has recognized a deferred tax asset with a carrying amount of DKK 62.857. On basis of the expectations for the next 1-3 years, Management expects the taxable profit to be sufficient enough to use the deferred tax asset.

#### 14 Prepayments

Prepayments and accrued income comprise prepaid costs, primarily insurances, membership fees, rent, and lease payments relating to the next financial year.

#### 15 Share capital

	Number	Par value DKK	Nominal value DKK
A-shares	300	1000	300,000
B-shares	200	1000	200,000
	<b>500</b>		<b>500,000</b>

#### 16 Other payables

	2023 DKK	2022 DKK
Holiday pay obligation	3,663,094	3,812,709
	<b>3,663,094</b>	<b>3,812,709</b>

Other long term payables consists of frozen holiday pay obligation to the companies employees. The obligation will be payed as each employee will retire. A part of the obligation is expected to be payed after more than 5 years.

#### 17 Non-current liabilities other than provisions

	Due after more than 12 months 2023 DKK	Outstanding after 5 years 2023 DKK
Other payables	3,663,094	2,887,221
	<b>3,663,094</b>	<b>2,887,221</b>

#### 18 Other payables

	2023 DKK	2022 DKK
VAT and duties	2,729,602	482,773
Wages and salaries, personal income taxes, social security costs, etc payable	3,563,896	1,341,215
Holiday pay obligation	1,883,241	1,999,397
Other costs payable	518,969	980,555
	<b>8,695,708</b>	<b>4,803,940</b>

#### 19 Deferred income

Deferred income comprises payments relating to sales that are not recognised as income until in the subsequent financial year, when the recognition criteria are satisfied.

## 20 Unrecognised rental and lease commitments

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Liabilities under rental or lease agreements until maturity in total	<b>1,341,689</b>	<b>1,885,401</b>

## 21 Assets charged and collateral

As collateral for bank debt of 3,590,441 DKK, the Company has granted a charge on assets representing a nominal value of DKK 12,000,000. The charge comprises trade receivables at a carrying amount of 30,332,674 DKK.

## 22 Related parties with controlling interest

Gavdi Group A/S owns the majority of the shares in the Entity, thus exercising control.

## 23 Transactions with related parties

	<b>Other related parties</b>
	<b>DKK</b>
Revenue	8,657,293
Sub contractors, paid to group enterprises	17,212,833
Service fee paid to other group enterprises	11,374,869

In addition receivables and payables to other group enterprises and management is presented in the balance sheet and the related interest is presented in note 5 and 6. The combined fees to the executive board and the board of directors amounts to 9.070 T.DKK., which is related to both employee and management positions.

## 24 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
Famkop Holding ApS, Frederiksberg

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
Gavdi Group A/S, Copenhagen

# Accounting policies

## Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

The financial statements are presented in Danish kroner (DKK).

## Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flows are part of the consolidated cash flow statement for the parent company, Gavdi Group A/S.

## Income statement

### Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Income from contracts involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

Where income from a contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable

from the counterparty.

Licence income is recognised over the term of the agreement in accordance with the contents of the agreement.

Revenue from time limited software licences is accrued and recognised on a straight line basis over the term of the licence according to the terms of the licence agreement.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

### **Other operating income**

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds.

### **Other external expenses**

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

### **Staff costs**

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

### **Depreciation, amortisation and impairment losses**

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	5 years
Other fixtures and fittings, tools and equipment	2-5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

### **Other financial income**

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

### **Financial income and expenses**

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

### **Tax on profit/loss for the year**

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

## **Balance sheet**

### **Intellectual property rights etc**

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

### **Property, plant and equipment**

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	<b>Useful life</b>
Acquired intangible assets	5 years
Other fixtures and fittings, tools and equipment	2-5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### **Receivables**

Receivables are measured at amortised cost, which usually correspond to the nominal value. The value is reduced by write-downs, in order to meet expected losses.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

### **Contract work in progress**

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet in receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

### **Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### **Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at



cost.

**Cash**

Cash comprises cash in hand and bank deposits.

**Deferred income**

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

**Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

**Joint taxation contributions payable or receivable**

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

**Deferred income**

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

**Cash flow statement**

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flows are part of the consolidated cash flow statement for the parent company, Gavdi Group A/S.