

Epinion P/S
Ryesgade 3 F, 4., 2200 København N

Company reg. no. 25 63 86 70

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 14 July 2021.

Berit Hoelgaard Didriksen
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

Today, the management has presented the annual report of Epinion P/S for the financial year 1 January - 31 December 2020.

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 31 December 2020 and of the company's results of activities and cash flows in the financial year 1 January – 31 December 2020.

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.

København N, 14 July 2021

Managing Director

Berit Hoelgaard Didriksen

Board of directors

Mogens Storgaard Jakobsen

Berit Hoelgaard Didriksen

Søren Hoelgaard Justesen

Independent auditor's report

To the shareholders of Epinion P/S

Opinion

We have audited the financial statements of Epinion P/S for the financial year 1 January - 31 December 2020, which comprise income statement, statement of financial position, statement of changes in equity, statement of cash flows, notes and accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities and cash flows for the financial year 1 January - 31 December 2020 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 section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a 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 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company 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 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 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.

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 judgment 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 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 and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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.

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 express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence 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 management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 14 July 2021

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36

Claus Koskelin

State Authorised Public Accountant
mne30140

Company information

The company

Epinion P/S
Ryesgade 3 F, 4.
2200 København N

Company reg. no. 25 63 86 70
Established: 27 September 2000
Domicile: Copenhagen
Financial year: 1 January - 31 December

Board of directors

Mogens Storgaard Jakobsen
Berit Hoelgaard Didriksen
Søren Hoelgaard Justesen

Managing Director

Berit Hoelgaard Didriksen

General partner

Epinion Komplementar ApS

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Financial highlights

DKK in thousands.	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Income statement:					
Revenue	116.271	151.450	146.768	141.907	126.858
Gross profit	69.279	72.026	76.810	68.266	65.653
Profit from operating activities	1.598	-7.200	2.120	1.716	894
Net financials	-1.045	-313	-767	-946	-706
Net profit or loss for the year	553	-7.513	1.353	770	188
Statement of financial position:					
Balance sheet total	52.978	40.960	48.930	42.753	41.525
Investments in property, plant and equipment	32	444	419	307	198
Equity	8.993	6.590	15.432	6.477	5.707
Employees:					
Average number of full-time employees	122	138	134	130	0
Key figures in %:					
Solvency ratio	17,0	16,1	31,5	15,1	13,7
Return on equity	7,1	-68,2	12,4	12,6	3,3

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

$$\text{Solvency ratio} = \frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$$

$$\text{Return on equity} = \frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$$

Management commentary

The principal activities of the company

Epinion's primary activities cover advanced data analytics within consumer and market research. Epinion makes sense of multifaceted consumer data combining big and thick digital data and applying complex analytical methods across qualitative and quantitative disciplines.

Epinion serves both institutions, organizations and e-businesses. Epinion holds targeted expertise within mainly public sector, politics, transport and mobility, e-business and airports. Epinions targeted expertise allows Epinion to provide relevant and trusted advice to clients.

Development in activities and financial matters

The revenue for the year totals t.DKK 116.271 against t.DKK 151.450 last year. Income or loss from ordinary activities after tax totals t.DKK 553 against t.DKK -7.513 last year. The development must be seen in light of COVID-19. Management considers the net profit or loss for the year satisfactory.

Expected developments

In 2021 the management expects a growth of 5-7% and a modest positive net margin. An increase in profitability has priority over growth and will be driven by smart operations and data collection as well as more high margin advisory sales.

Events occurring after the end of the financial year

No events have occurred after the balance sheet date and up until this writing moment, which could noteworthy influence the evaluation of the 2020 annual report.

Branches abroad

The company has a branch in Belgium.

Income statement 1 January - 31 December

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Revenue	116.270.997	151.450
Other operating income	1.221.811	0
Costs of raw materials and consumables	-33.874.072	-57.461
Other external costs	-14.340.205	-21.963
Gross profit	69.278.531	72.026
2 Staff costs	-66.317.760	-77.114
3 Depreciation, amortisation, and impairment	-1.362.667	-2.112
Operating profit	1.598.104	-7.200
Other financial income	12.588.675	1.588
Other financial costs	-13.634.055	-1.901
4 Net profit or loss for the year	552.724	-7.513

Statement of financial position at 31 December

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Assets		
Non-current assets		
5 Acquired licenses	262.870	632
6 Goodwill	0	664
Total intangible assets	<u>262.870</u>	<u>1.296</u>
7 Other fixtures and fittings, tools and equipment	496.278	781
8 Leasehold improvements	<u>104.677</u>	<u>125</u>
Total property, plant, and equipment	<u>600.955</u>	<u>906</u>
9 Deposits	<u>1.114.326</u>	<u>1.238</u>
Total investments	<u>1.114.326</u>	<u>1.238</u>
Total non-current assets	<u>1.978.151</u>	<u>3.440</u>
Current assets		
Trade receivables	27.448.082	33.789
10 Contract work in progress	1.513.086	2.364
Other receivables	53.000	0
11 Prepayments and accrued income	<u>503.703</u>	<u>819</u>
Total receivables	<u>29.517.871</u>	<u>36.972</u>
Cash on hand and demand deposits	<u>21.482.126</u>	<u>548</u>
Total current assets	<u>50.999.997</u>	<u>37.520</u>
Total assets	<u>52.978.148</u>	<u>40.960</u>

Statement of financial position at 31 December

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Equity and liabilities		
Equity		
12 Contributed capital	1.269.000	1.267
Retained earnings	7.724.472	5.323
Total equity	8.993.472	6.590
Liabilities other than provisions		
Deposits	450.000	450
Other payables	4.617.010	2.160
13 Total long term liabilities other than provisions	5.067.010	2.610
Bank loans	0	5.700
10 Prepayments received from customers concerning work in progress for the account of others	3.789.309	2.721
Trade payables	14.066.232	7.865
Other payables	21.062.125	15.474
Total short term liabilities other than provisions	38.917.666	31.760
Total liabilities other than provisions	43.984.676	34.370
Total equity and liabilities	52.978.148	40.960
1 Special items		
14 Charges and security		
15 Contingencies		
16 Related parties		

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2019	1.267.000	13.945.895	218.506	15.431.401
Distributed dividend	0	0	-218.506	-218.506
Profit or loss for the year brought forward	0	-7.512.857	0	-7.512.857
Other adjustments	0	-1.110.000	0	-1.110.000
Equity 1 January 2020	1.267.000	5.323.038	0	6.590.038
Cash capital increase	2.000	1.998.000	0	2.000.000
Profit or loss for the year brought forward	0	552.724	0	552.724
Other Adjustments	0	-149.290	0	-149.290
	1.269.000	7.724.472	0	8.993.472

Statement of cash flows 1 January - 31 December

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Net profit or loss for the year	552.724	-7.513
17 Adjustments	2.408.046	2.425
18 Change in working capital	22.627.761	6.509
Cash flows from operating activities before net financials	25.588.531	1.421
Interest received, etc.	12.588.675	1.589
Interest paid, etc.	-13.634.055	-1.901
Cash flows from ordinary activities	24.543.151	1.109
Cash flows from operating activities	24.543.151	1.109
Purchase of intangible assets	0	-352
Purchase of property, plant, and equipment	-32.000	-558
Change in deposits	123.587	35
Cash flows from investment activities	91.587	-875
Cash capital increase	2.000.000	0
Dividend paid	0	-219
Cash flows from investment activities	2.000.000	-219
Change in cash and cash equivalents	26.634.738	15
Cash and cash equivalents at 1 January 2020	-5.152.612	-5.167
Cash and cash equivalents at 31 December 2020	21.482.126	-5.152
Cash and cash equivalents		
Cash on hand and demand deposits	21.482.126	548
Short-term bank loans	0	-5.700
Cash and cash equivalents at 31 December 2020	21.482.126	-5.152

Notes

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

1. Special items

Special items include significant income and expenses of a special nature relative to the enterprise's ordinary operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments and any related gains on disposal and losses which, over time, have a significant impact. Special items also include other significant amounts of a nonrecurring nature.

Special items for the year are specified below, indicating where they are recognised in the income statement.

	<u>2020</u>	<u>2019</u>
Income:		
COVID-19 Salary compensation	1.221.811	0
	<u>1.221.811</u>	<u>0</u>
Special items are recognised in the following items in the financial statements:		
Other operating income	1.221.811	0
Profit of special items, net	<u>1.221.811</u>	<u>0</u>

2. Staff costs

Salaries and wages	63.583.183	73.932
Pension costs	1.939.672	2.153
Other costs for social security	296.230	512
Other staff costs	498.675	517
	<u>66.317.760</u>	<u>77.114</u>
Executive board and board of directors	<u>1.580.000</u>	<u>2.099</u>
Average number of employees	<u>122</u>	<u>138</u>

3. Depreciation, amortisation, and impairment

Amortisation of development projects	370.077	402
Amortisation of goodwill	663.748	1.350
Depreciation on plants, operating assets, fixtures and furniture	328.842	360
	<u>1.362.667</u>	<u>2.112</u>

Notes

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

	<u>2020</u>	<u>2019</u>
4. Proposed appropriation of net profit		
Transferred to retained earnings	552.724	0
Allocated from retained earnings	<u>0</u>	<u>-7.513</u>
Total allocations and transfers	<u>552.724</u>	<u>-7.513</u>
5. Acquired licenses		
Cost 1 January 2020	1.883.728	1.531
Additions during the year	<u>0</u>	<u>352</u>
Cost 31 December 2020	<u>1.883.728</u>	<u>1.883</u>
Amortisation and writedown 1 January 2020	-1.250.781	-849
Amortisation for the year	<u>-370.077</u>	<u>-402</u>
Amortisation and writedown 31 December 2020	<u>-1.620.858</u>	<u>-1.251</u>
Carrying amount, 31 December 2020	<u>262.870</u>	<u>632</u>
6. Goodwill		
Cost 1 January 2020	3.363.748	3.364
Cost 31 December 2020	<u>3.363.748</u>	<u>3.364</u>
Amortisation and writedown 1 January 2020	-2.700.000	-1.350
Amortisation for the year	<u>-663.748</u>	<u>-1.350</u>
Amortisation and writedown 31 December 2020	<u>-3.363.748</u>	<u>-2.700</u>
Carrying amount, 31 December 2020	<u>0</u>	<u>664</u>

Notes

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

	<u>31/12 2020</u>	<u>31/12 2019</u>
7. Other fixtures and fittings, tools and equipment		
Cost 1 January 2020	2.142.548	1.698
Additions during the year	0	444
Disposals during the year	-12.997	0
Cost 31 December 2020	<u>2.129.551</u>	<u>2.142</u>
Amortisation and writedown 1 January 2020	-1.360.760	-1.027
Depreciation for the year	-277.501	-334
Depreciation, amortisation and writedown for the year, assets disposed of	4.988	0
Amortisation and writedown 31 December 2020	<u>-1.633.273</u>	<u>-1.361</u>
Carrying amount, 31 December 2020	<u>496.278</u>	<u>781</u>
8. Leasehold improvements		
Cost 1 January 2020	702.414	589
Additions during the year	32.000	114
Cost 31 December 2020	<u>734.414</u>	<u>703</u>
Depreciation and writedown 1 January 2020	-578.397	-552
Depreciation for the year	-51.340	-26
Depreciation and writedown 31 December 2020	<u>-629.737</u>	<u>-578</u>
Carrying amount, 31 December 2020	<u>104.677</u>	<u>125</u>
9. Deposits		
Cost 1 January 2020	1.237.913	1.203
Additions during the year	0	35
Disposals during the year	-123.587	0
Cost 31 December 2020	<u>1.114.326</u>	<u>1.238</u>
Carrying amount, 31 December 2020	<u>1.114.326</u>	<u>1.238</u>

Notes

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

	<u>31/12 2020</u>	<u>31/12 2019</u>
10. Contract work in progress		
Sales value of the production of the period	22.553.900	20.611
Payments on account received	<u>-24.830.123</u>	<u>-20.968</u>
Contract work in progress, net	<u>-2.276.223</u>	<u>-357</u>
The following is recognised:		
Work in progress for the account of others (Current assets)	1.513.086	2.364
Work in progress for the account of others (Prepayments received)	<u>-3.789.309</u>	<u>-2.721</u>
	<u>-2.276.223</u>	<u>-357</u>
11. Prepayments and accrued income		
Prepaid expenses	<u>503.703</u>	<u>819</u>
	<u>503.703</u>	<u>819</u>
12. Contributed capital		
Contributed capital 1 January 2020	1.267.000	1.267
Cash capital increase	<u>2.000</u>	<u>0</u>
	<u>1.269.000</u>	<u>1.267</u>

The share capital consists of 1.269.000 shares, 1.267.000 A-shares each with a nominal value of DKK 1 and 2.000 B-shares each with a nominal value of DKK 1.000.

The B-shares has a right to advance dividends.

During the year a cash capital increase has been made with nom. 2.000 at rate 100.000.

13. Liabilities other than provision

	<u>Total payables 31 Dec 2020</u>	<u>Current portion of long term payables</u>	<u>Long term payables 31 Dec 2020</u>	<u>Outstanding payables after 5 years</u>
Deposits	450.000	0	450.000	0
Other payables	<u>4.617.010</u>	<u>0</u>	<u>4.617.010</u>	<u>4.617.010</u>
	<u>5.067.010</u>	<u>0</u>	<u>5.067.010</u>	<u>4.617.010</u>

Notes

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

14. Charges and security

A floating charge of t.DKK 8.000 on trade receivables, goodwill, operating equipment, furniture and intellectual property rights.

15. Contingencies

Contingent liabilities

	DKK in thousands
Recourse guarantee commitments	500
Total contingent liabilities	500

Lease liabilities

In addition to financial leasing contracts, the company has entered into operational leasing contracts with an average annual lease payment of t.DKK 1.597. The leasing contracts have up to 6 month termination and will give a total outstanding lease payments total t.DKK 1.129.

16. Related parties

Transactions

All related party transactions during the year are conducted under normal market conditions.

	2020	2019
17. Adjustments		
Depreciation, amortisation, and impairment	1.362.666	2.112
Other financial income	-12.588.675	-1.588
Other financial costs	13.634.055	1.901
	2.408.046	2.425
18. Change in working capital		
Change in receivables	7.454.671	5.724
Change in trade payables and other payables	15.173.090	785
	22.627.761	6.509

Accounting policies

The annual report for Epinion P/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

Correction, cf. ÅRL §52, subsection 2

The company's management has learned that recognition of wage supplement for employees have been incorrectly calculated. The management has chosen to make a correction and treat it as a correction, cf. ÅRL §52, subsection 2.

This affects the equity with DKK 0,1 mio.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting 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.

Accounting policies

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.

Income statement

Revenue

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Contract work in progress concerning construction contracts is recognised in the revenue concurrently with the production process. Thus, the revenue corresponds to the selling price of the total yearly production (the production method). The revenue is recognised when the total income and costs of the contract and the stage of completion on the reporting date can be reliably validated and it is deemed probable that the financial benefits will flow to the company.

Cost of sales

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

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

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Accounting policies

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, realised and unrealised capital gains and losses relating to debt and transactions in foreign currency as well as amortisation of financial assets and liabilities.

Statement of financial position

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 10 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 are recognised in the income statement as other operating income or other operating expenses, respectively.

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 3 years.

Property, plant, and equipment

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.

Accounting policies

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 and the residual value of the individual assets:

	Useful life	Residual value
Leasehold improvements	2-3 years	0-20 %
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

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 as other operating income or other operating expenses.

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets 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.

Receivables

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

Accounting policies

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.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual work in progress. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual work in progress.

When the selling price of the individual work in progress can not be determined reliably, the selling price is measured at the costs incurred or at net realisable value, if this is lower.

The individual work in progress is recognised in the statement of financial position under accounts receivables or liabilities. Net assets consist of the sum of the work in progress, where the selling price of the work performed exceeds invoicing on account. Net liabilities consist of the sum of the work in progress, where invoicing on account exceeds the selling price.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Accounting policies

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Liabilities other than provisions

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

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

Cash flows from operating activities

Cash flows from operating activities are calculated as the company's share of the profit adjusted for non-cash operating items and changes in the working capital.

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the company's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand with deduction of short-term bank debts and short-term securities with a maturity less than 3 months that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

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Søren Hoelgaard Justesen

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