



e-boks Nordic A/S

Hans Bekkevolds Alle 7, 1.
2900 Hellerup
CVR No. 25674154

Annual report 2021

The Annual General Meeting adopted the
annual report on 07.04.2022

Carina Bansholt Oxfeldt

Chairman of the General Meeting

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Entity details

Entity

e-boks Nordic A/S
Hans Bekkevolds Alle 7, 1.
2900 Hellerup

Business Registration No.: 25674154
Registered office: Gentofte
Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Jesper Lind Breum, formand
Ulrik Thagesen
Carina Bansholt Oxfeldt

Executive Board

Ulrik Thagesen, adm. dir.

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 e-boks Nordic A/S for the financial year 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

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.

Hellerup, 07.04.2022

Executive Board

Ulrik Thagesen
adm. dir.

Board of Directors

Jesper Lind Breum
formand

Ulrik Thagesen

Carina Bansholt Oxfeldt

Independent auditor's report

To the shareholders of e-boks Nordic A/S

Opinion

We have audited the financial statements of e-boks Nordic A/S for the financial year 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 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 under the Danish Financial Statements Act.

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 of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 07.04.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Sten Peters

State Authorised Public Accountant
Identification No (MNE) mne11675

Management commentary

Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
Key figures					
Revenue	273,732	266,668	231,044	211,874	188.816
Gross profit/loss	292,357	114,369	102,794	75,389	89.745
Operating profit/loss	255,375	45,596	50,896	22,240	37.363
Net financials	138	(430)	(379)	626	120
Profit/loss for the year	219,846	41,055	39,459	17,707	19.968
Total assets	499,710	310,517	217,861	147,067	107.301
Investments in property, plant and equipment	30	0	1,847	38	0
Equity	242,036	122,179	81,069	41,723	36.227
Ratios					
Gross margin (%)	106.80	42.89	44.49	35.58	47.53
EBIT margin (%)	93.29	17.10	22.03	10.50	19.79
Net margin (%)	80.31	15.40	17.08	8.36	10.58
Equity ratio (%)	48.44	39.35	37.21	28.37	33.77

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

Gross margin (%):

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

Revenue

EBIT margin (%):

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

Revenue

Net margin (%):

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

Revenue

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Total assets

Primary activities

e-Boks helps individuals, companies, and institutions to digitally interact, communicate and service themselves effectively and securely through our platforms. Companies and institutions are our partners and together we create better secure digitalization where the users are in control.

Development in activities and finances

In 2021, the realized result for e-Boks Nordic were DKK 219.8 million and the equity totaled DKK 242 million.

While document price only has been adjusted for inflation, there has been an increase in the total revenue both organically from existing markets, prolonging of the current generation of Digital Post from the Danish Government and the addition of a new country solution. The prolongation of Digital Post positively affected the 2021 numbers. The total cost was negatively affected due to delay in the mainframe migration.

Markets

The economic trend only has a minor effect on net revenue and profit as the total number of digitally sent documents from companies and institutions is not greatly affected by these trends. e-Boks has partners in many sectors. The primary share of partners being in the financial sector followed by the public sector.

Profit/loss for the year in relation to expected developments

The result is better than the expectations of 50-60 million stated in annual report 2020. The result is influenced by the restructured group structure and subsequent transfer of IP Rights, contracts, employees and the like.

Outlook

The revenue in current markets is expected to decrease due to the loss of the tender of developing and handling the New generation Digital Post for the Danish Government. The impact of the loss of the tender will occur in 2022. A decrease of production costs due the completion of the mainframe migration, will have a positive impact on the operating profit, expected to reach a level of 65-75 MDKK for 2022.

e-Boks do not see any significant impact from the COVID-19 situation. The business activity is on normal level –thought indirect the situation has impacted the organization and normal ways of working.

The war in Ukraine does not impact e-Boks.

Security

It is crucial for e-Boks to keep a high security standard when handling and storing personal data for all users. e-Boks' solution has a high level of security to meet the expectations from all users and keep their trust. The daily operation and performance of systems are anticipated to run smoothly and secure. Performance and penetration tests are performed regularly by external partners from leading consultancies. Internal security is managed by a 27001:2013 compliant ISMS and all security features are annually audited by external partners to meet all security expectations and to mitigate any potential risks.

Employees

Throughout 2021, competent and experienced employees have been added to the staff. It is of great importance that e-Boks continuously recruit highly skilled and well-educated labour to further develop and optimize our solutions to keep our current position on the market and provide better solutions for companies and institutions.

Environmental performance

As e-Boks is a digital based company the direct environmental impact is low. e-Boks works with suppliers and customers to lower the indirect impact on the environment.

Research and development activities

e-Boks is being used in a growing number of countries, thus the understanding of both the users' and costumers' needs are crucial for the contentious expansion. This understanding is provided by an ongoing analysis of usage along with user feedback and reactions. The constant assurance of a high security level and high degree of stability of the critical infrastructure solutions such as signing, payment and two-way encrypted communication, are important factors to maintain the trust of all users and customers. As a result, constant monitoring, optimization, and development of these services are ongoing to meet the expected growth.

Group relations

e-Boks has in the year restructured the company structure with transfers of IP Rights, contracts, employees etc.. This provides a more scaleable structure while mitigating risk on scaling. There is no effect on customer service and go to market strategy.

e-Boks Nordic A / S has chosen to withdraw from international joint taxation, where the mandatory joint taxation between danish companies has been extended to include existing and new foreign companies, etc.

If an international joint taxation ceases at the end of the 10-year lock-in period, the maximized re-taxation of deficit will be limited to the lowest amount of a) and fictitious liquidation profit to be calculated on the foreign entities included in the joint taxation and b) the actual re-taxation balance of approx. DKK 18 mio.

This fictitious liquidation gain is calculated as the difference between the value of the units at the time of entry into international joint taxation in 2011 and the value of the same entities at the time of termination of international joint taxation by the end of 2020. The re-taxation is as mentioned limited to maximum the actual re-taxation balance of approx. DKK 18. mio.

As a fictitious liquidation profit will be significantly lower than DKK 18 million, the company has chosen to terminate the international joint taxation, at the end of the 10-year lock-in period.

Foreign branches

The foreign branches related to the e-Boks A/S is included in the financial statement for the company. The following branches are included in the financial statement:

- Norway
- Sweden

Income statement for 2021

	Notes	2021 DKK'000	2020 DKK '000
Revenue		273,732	266,668
Other operating income		191,691	0
Other external expenses		(173,066)	(152,299)
Gross profit/loss		292,357	114,369
Staff costs	2	(32,018)	(63,437)
Depreciation, amortisation and impairment losses	3	(4,964)	(5,336)
Operating profit/loss		255,375	45,596
Income from investments in group enterprises		0	(217)
Other financial income	4	1,660	1,456
Other financial expenses	5	(1,522)	(1,886)
Profit/loss before tax		255,513	44,949
Tax on profit/loss for the year	6	(35,667)	(3,894)
Profit/loss for the year	7	219,846	41,055

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Completed development projects	9	12,519	26,304
Development projects in progress	9	159,138	140,259
Intangible assets	8	171,657	166,563
Leasehold improvements		0	1,263
Property, plant and equipment	10	0	1,263
Deposits		1,173	1,146
Financial assets	11	1,173	1,146
Fixed assets		172,830	168,972
Trade receivables		45,518	32,219
Receivables from group enterprises		242,251	17
Other receivables		101	3,207
Tax receivable		0	2,041
Receivables from owners and management	12	3,130	13,264
Prepayments	13	2,395	2,063
Receivables		293,395	52,811
Cash		33,485	88,734
Current assets		326,880	141,545
Assets		499,710	310,517

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital	14	12,000	12,000
Reserve for development expenditure		133,892	129,919
Retained earnings		96,144	(19,740)
Equity		242,036	122,179
Deferred tax	15	36,034	48,990
Other provisions	16	9,099	8,742
Provisions		45,133	57,732
Trade payables		140,726	86,967
Non-current liabilities other than provisions	17	140,726	86,967
Current portion of non-current liabilities other than provisions	17	6,000	6,000
Trade payables		11,032	12,979
Payables to group enterprises		3,434	0
Tax payable		47,125	0
Other payables		4,224	24,660
Current liabilities other than provisions		71,815	43,639
Liabilities other than provisions		212,541	130,606
Equity and liabilities		499,710	310,517
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	18		
Contingent liabilities	19		
Assets charged and collateral	20		
Related parties with controlling interest	21		
Transactions with related parties	22		

Statement of changes in equity for 2021

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	12,000	129,919	(19,740)	122,179
Extraordinary dividend paid	0	0	(100,000)	(100,000)
Exchange rate adjustments	0	0	11	11
Transfer to reserves	0	3,973	(3,973)	0
Profit/loss for the year	0	0	219,846	219,846
Equity end of year	12,000	133,892	96,144	242,036

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 Staff costs

	2021	2020
	DKK'000	DKK'000
Wages and salaries	33,145	67,590
Pension costs	2,729	6,191
Other social security costs	452	585
	36,326	74,366
Staff costs classified as assets	(4,308)	(10,929)
	32,018	63,437
Average number of full-time employees	40	88

	Remuneration of Management 2021 DKK'000	Remuneration of Management 2020 DKK'000
Executive Board	992	3,838
	992	3,838

Management's remuneration is not comparable to last year, as the remuneration for the year reflects the allocated management remuneration from e-Boks Group A/S.

3 Depreciation, amortisation and impairment losses

	2021	2020
	DKK'000	DKK'000
Amortisation of intangible assets	4,807	4,959
Depreciation of property, plant and equipment	157	377
	4,964	5,336

4 Other financial income

	2021	2020
	DKK'000	DKK'000
Financial income from group enterprises	904	0
Other interest income	3	11
Exchange rate adjustments	753	1,445
	1,660	1,456

5 Other financial expenses

	2021	2020
	DKK'000	DKK'000
Financial expenses from group enterprises	4	0
Other interest expenses	836	409
Exchange rate adjustments	642	1,433
Other financial expenses	40	44
	1,522	1,886

6 Tax on profit/loss for the year

	2021	2020
	DKK'000	DKK'000
Current tax	48,625	(1,316)
Change in deferred tax	(12,956)	5,437
Adjustment concerning previous years	(2)	(227)
	35,667	3,894

7 Proposed distribution of profit and loss

	2021	2020
	DKK'000	DKK'000
Retained earnings	219,846	41,055
	219,846	41,055

8 Intangible assets

	Completed development projects DKK'000	Development projects in progress DKK'000
Cost beginning of year	54,690	140,259
Transfers	1,494	(1,494)
Additions	0	39,718
Disposals	(14,612)	(19,345)
Cost end of year	41,572	159,138
Amortisation and impairment losses beginning of year	(28,386)	0
Amortisation for the year	(4,807)	0
Reversal regarding disposals	4,140	0
Amortisation and impairment losses end of year	(29,053)	0
Carrying amount end of year	12,519	159,138

9 Development projects

The upgrade of the IT infrastructure is expected to be completed in 2022. This will increase the scalability of the e-Boks solution and improve the "time to market" for new products. An overall cost saving is expected to take effect from completion.

The completed development project for the year relates to the development of a new user interactive platform for users in the the e-Boks Plus universe.

10 Property, plant and equipment

	Leasehold improvements DKK'000
Cost beginning of year	1,885
Disposals	(1,885)
Cost end of year	0
Depreciation and impairment losses beginning of year	(622)
Depreciation for the year	(157)
Reversal regarding disposals	779
Depreciation and impairment losses end of year	0
Carrying amount end of year	0

11 Financial assets

	Deposits DKK'000
Cost beginning of year	1,146
Additions	29
Disposals	(2)
Cost end of year	1,173
Carrying amount end of year	1,173

12 Receivables from owners and management

Receivables from owners and management consist entirely of trading accounts with the company's owners, Nets Danmark A/S and Post Danmark A/S and subsidiaries hereof.

13 Prepayments

Prepayments consist of prepaid rent, insurance premiums, subscriptions and interest.

14 Share capital

	Number	Par value DKK'000	Nominal value DKK'000
Shares	12,000,000	1	12,000
	12,000,000		12,000

15 Deferred tax

	2021 DKK'000	2020 DKK'000
Changes during the year		
Beginning of year	48,990	43,553
Recognised in the income statement	(12,956)	5,437
End of year	36,034	48,990

Deferred tax regarding financial and tangible fixed assets as well as liabilities

16 Other provisions

In dealing with user documents, the Company has undertaken a commercial obligation to storage the documents for a minimum of 5 years from the year of creation. The liability is calculated at DKK 9,099 thousand.

17 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK'000	Due within 12 months 2020 DKK'000	Due after more than 12 months 2021 DKK'000	Outstanding after 5 years 2021 DKK'000
Trade payables	6,000	6,000	140,726	92,726
	6,000	6,000	140,726	92,726

18 Unrecognised rental and lease commitments

	2021 DKK'000	2020 DKK'000
Liabilities under rental or lease agreements until maturity in total	5,230	7,616

19 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where e-Boks Group A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

20 Assets charged and collateral

The Company has made a declaration of withdrawal to the parent company and has confirmed that it will not seek to recover its receivables beyond what the operation allows as a going concern.

21 Related parties with controlling interest

Related parties with controlling influence consist of the Company's Management and the Board of Directors. Other related parties with whom e-Boks A/S has had transactions in 2021 are:

Group companies:

- o e-Boks Group A/S
- o e-Boks International A/S
- o e-Boks Development A/S
- o e-Boks GCC ApS

Branches:

- o e-Boks Norway, branch of e-Boks A/S
- o e-Boks Sweden, branch of e-Boks A/S

Businesses in which the Group's ownership circle directly or indirectly has a significant influence

- o Post Danmark A/S
- o Nets Danmark A/S

22 Transactions with related parties

In the annual report only discloses related party transactions that have not been completed on a normal basis market conditions. No such transactions have been completed during the financial year.

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.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

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.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

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.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

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.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the

portion attributable to entries directly in equity.

The parent company is jointly taxed with all Danish and foreign affiliated companies. The actual Danish corporation tax is distributed among the jointly taxed companies in relation to their taxpayers' income (full distribution with reimbursement regarding tax losses).

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.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

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

Property, plant and equipment

Leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

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:

Leasehold improvements	5 years
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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, usually equalling nominal value less writedowns for bad and doubtful debts.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

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 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.

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.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

On acquisition of enterprises and investments in group enterprises, provisions are made for costs relating to restructuring in the acquired enterprise that were decided and published at the acquisition date at the latest.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Cash flow statement

With reference to § 86, paragraph 4 of the Danish Financial Statements Act, no Statement of cash flows has been prepared.