



## Chromaviso A/S

Finlandsgade 25  
8200 Aarhus N  
CVR No. 27525202

## Annual report 01.11.2019 - 31.12.2020

The Annual General Meeting adopted the  
annual report on 18.06.2021

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**Anders Kristian Kryger Nielsen**  
Chairman of the General Meeting

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# Entity details

## Entity

Chromaviso A/S  
Finlandsgade 25  
8200 Aarhus N

CVR No.: 27525202  
Registered office: Aarhus  
Financial year: 01.11.2019 - 31.12.2020

## Board of Directors

Jan Bruus Sørensen  
Steen Hvidt, formand  
Claus Frøkjær-Lorensen  
Anne-Marie Krog  
Claus Munch Puggaard  
Anders Kristian Kryger Nielsen

## Executive Board

Claus Munch Puggaard, direktør  
Anders Kristian Kryger Nielsen

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
City Tower, Værkmestergade 2  
8000 Aarhus C

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Chromaviso A/S for the financial year 01.11.2019 - 31.12.2020.

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 31.12.2020 and of the results of its operations for the financial year 01.11.2019 - 31.12.2020.

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.

Aarhus, 18.06.2021

## Executive Board

**Claus Munch Puggaard**  
direktør

**Anders Kristian Kryger Nielsen**

## Board of Directors

**Jan Bruus Sørensen**

**Steen Hvidt**  
formand

**Claus Frøkjær-Lorensen**

**Anne-Marie Krog**

**Claus Munch Puggaard**

**Anders Kristian Kryger Nielsen**

# Independent auditor's report

## To the shareholders of Chromaviso A/S

### Report on the audit of the financial statements

#### Qualified opinion

We have audited the financial statements of Chromaviso A/S for the financial year 01.11.2019 - 31.12.2020, 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, except for the effect of the matter described in the "Basis for qualified opinion" section, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.11.2019 - 31.12.2020 in accordance with the Danish Financial Statements Act.

#### Basis for qualified opinion

Management has presented the financial statement for the financial period 01.11.2019 - 31.12.2020. The financial year includes a 14-month period, which is contrary to ÅRL §15. In connection with the audit, it has been established that the company's financial position and development at the balance sheet date have been reviewed with sufficient audit conviction, so that the financial statement give a true and fair view. As the financial statement cover a 14-month period, which is contrary to ÅRL §15, reservations are made for the accounting period.

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 of Accountants' Code of Ethics for Professional Accountants (IESBA Code) 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 qualified 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.

#### **Report on other legal and regulatory requirements and other reporting responsibilities**

Due to the reorganization of the financial year, the annual report has been submitted for the period 01.11.2019 - 31.12.2020. The accounting period comprises 14 months, which is contrary to ÅRL §15. This means that the management can incur liability in the form of a fine for the violation.

Aarhus, 18.06.2021

#### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

#### **Jacob Nørmark**

State Authorised Public Accountant  
Identification No (MNE) mne30176

# Management commentary

## Primary activities

The Company's primary activity is to develop and deliver health-promoting light solutions to hospitals, the psychiatric sector and the nursing sector.

Further information about the company activities can be found at [www.chromaviso.com](http://www.chromaviso.com) or [LinkedIn/Chromaviso](https://www.linkedin.com/company/chromaviso).

## Development in activities and finances

The result for the year is -1.162 DKK, which in view of a year with Corona and the challenges it has given the company, is considered satisfactory

The company has continued its market development in 2020 and has had breakthroughs in both the Norwegian and Finnish markets at the same time as its presence in both Denmark and Sweden has been strengthened. There has been continued development of the company's technological solutions, which have been well received by customers.

Significant resources continue to be invested in the organization, especially in relation to product development and sales, with a view to utilizing the great market potential that exists both in the Nordic region and internationally.

The company will still be affected by Corona in 2021, as all customers operate in the healthcare field. However, a positive result is still expected.

It is the company's ambition to embark on an international expansion during 2021/22.

## Regarding financial year of 14 months

During 2020, the company Chromaviso A / S changed the financial year so that the balance sheet date falls on 31 December against the previous 31 October. This means that the prepared accounts constitute the period 01.11.2019 - 31.12.2020, which is thus a 14-month period. The reason why the company would like to have a financial year ending 31.12 is that it better follows the cycle of customers and the company.

In connection with the extension, no attention has been paid to the fact that in the specific situation it was not possible under the Annual Accounts Act to make an extended period. It is our opinion that this is a procedural error and the management and the company's advisers have therefore made an assessment of what could be done to rectify the situation.

The error with the extended financial year was only found in April / May 2021. As we have seen, there were therefore 2 possibilities:

1. Maintain an extended financial year, regardless of whether it means a reservation in the audit opinion
2. Make an account of 12 months covering the period 01.11.2019- 31.10.2020 and an account of 2 months covering the period 01.11.2020-31.12.2020.

We have, in collaboration with our adviser, assessed that option 2 is not appropriate, as the company's registration systems mean that it will not be possible to prepare a fair account, as inventories and work in progress are not counted per. 31.10.2020. The consequence would therefore be that there were 2 accounts with



reservations, as the auditor will not be able to audit the items backwards in time on the basis of the company's systems.

We have therefore chosen option 1. It is our opinion that the accounts of 14 months are not significantly different from a 12-month accounts, when the extended accounting period is disregarded. We have therefore overall assessed this as the best solution to the unfortunate problem.

The financial statement has been submitted for the period 01.11.2019 - 31.12.2020, why the accounting period comprises 14 months, which is contrary to ÅRL §15. See Note 1 for further comments.

#### **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 2019/20

	Notes	2019/20 DKK	2018/19 DKK
<b>Gross profit/loss</b>		<b>9,880,586</b>	<b>5,428,263</b>
Staff costs	2	(7,891,046)	(6,981,282)
Depreciation, amortisation and impairment losses		(1,971,673)	(1,148,857)
<b>Operating profit/loss</b>		<b>17,867</b>	<b>(2,701,876)</b>
Income from investments in group enterprises		(656,838)	(1,021,995)
Other financial income	3	247,239	98,660
Other financial expenses	4	(1,526,245)	(839,189)
<b>Profit/loss before tax</b>		<b>(1,917,977)</b>	<b>(4,464,400)</b>
Tax on profit/loss for the year	5	756,033	785,369
<b>Profit/loss for the year</b>		<b>(1,161,944)</b>	<b>(3,679,031)</b>
<b>Proposed distribution of profit and loss</b>			
Retained earnings		(1,161,944)	(3,679,031)
<b>Proposed distribution of profit and loss</b>		<b>(1,161,944)</b>	<b>(3,679,031)</b>

# Balance sheet at 31.12.2020

## Assets

	Notes	2019/20 DKK	2018/19 DKK
Completed development projects	7	6,279,945	5,234,697
Development projects in progress	7	12,928,268	7,947,283
<b>Intangible assets</b>	6	<b>19,208,213</b>	<b>13,181,980</b>
Other fixtures and fittings, tools and equipment		175,370	184,239
Leasehold improvements		515,832	20,887
<b>Property, plant and equipment</b>	8	<b>691,202</b>	<b>205,126</b>
Investments in group enterprises		551,037	0
<b>Financial assets</b>	9	<b>551,037</b>	<b>0</b>
<b>Fixed assets</b>		<b>20,450,452</b>	<b>13,387,106</b>
Manufactured goods and goods for resale		3,995,667	2,701,645
<b>Inventories</b>		<b>3,995,667</b>	<b>2,701,645</b>
Trade receivables		5,518,177	7,521,740
Contract work in progress	10	2,409,718	1,456,076
Receivables from group enterprises		1,279,648	282,883
Other receivables		887,136	1,407,260
Joint taxation contribution receivable		1,672,549	939,473
Prepayments		80,211	468,882
<b>Receivables</b>		<b>11,847,439</b>	<b>12,076,314</b>
<b>Cash</b>		<b>8,622</b>	<b>6,994</b>
<b>Current assets</b>		<b>15,851,728</b>	<b>14,784,953</b>
<b>Assets</b>		<b>36,302,180</b>	<b>28,172,059</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2019/20 DKK</b>	<b>2018/19 DKK</b>
Contributed capital		606,000	606,000
Translation reserve		95,806	0
Reserve for development expenditure		10,330,547	4,748,041
Retained earnings		(4,865,310)	1,879,140
<b>Equity</b>		<b>6,167,043</b>	<b>7,233,181</b>
Deferred tax		3,120,000	2,211,154
Provisions for investments in group enterprises		0	4,358
<b>Provisions</b>		<b>3,120,000</b>	<b>2,215,512</b>
Bank loans		5,000,000	5,000,000
Debt to other credit institutions		3,909,638	2,257,448
Other payables		699,801	133,538
<b>Non-current liabilities other than provisions</b>	11	<b>9,609,439</b>	<b>7,390,986</b>
Current portion of non-current liabilities other than provisions	11	0	1,562,073
Bank loans		4,291,026	897,572
Contract work in progress	10	1,254,561	65,583
Trade payables		3,602,108	3,546,781
Payables to group enterprises		5,288,422	3,041,623
Other payables	12	2,547,514	1,629,321
Deferred income		422,067	589,427
<b>Current liabilities other than provisions</b>		<b>17,405,698</b>	<b>11,332,380</b>
<b>Liabilities other than provisions</b>		<b>27,015,137</b>	<b>18,723,366</b>
<b>Equity and liabilities</b>		<b>36,302,180</b>	<b>28,172,059</b>
Unusual circumstances	1		
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Assets charged and collateral	15		

# Statement of changes in equity for 2019/20

	Contributed capital DKK	Translation reserve DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	606,000	0	4,748,041	1,879,140	7,233,181
Exchange rate adjustments	0	95,806	0	0	95,806
Transfer to reserves	0	0	5,582,506	(5,582,506)	0
Profit/loss for the year	0	0	0	(1,161,944)	(1,161,944)
<b>Equity end of year</b>	<b>606,000</b>	<b>95,806</b>	<b>10,330,547</b>	<b>(4,865,310)</b>	<b>6,167,043</b>

# Notes

## 1 Unusual circumstances

Management has presented the financial statement for the period 01.11.2019 - 31.12.2020, as the financial year has been restructured. The financial statement thus constitute a 14-month period.

This is contrary to ÅRL §15, as the restructuring period may only cover more than 12 months if you want more companies with the same financial year due to the following conditions:

- 1) Establishment of group relationships
- 2) Establishment of participation in joint management of another company or
- 3) fusion

None of these factors apply in the specific situation, which is why the management has submitted accounts for an accounting period in violation of ÅRL §15, for which the management may be held liable.

The Management does not assess that there will be a significant difference between the financial statement per 31.10.2020 and 31.12.2020, why the financial statement are presented as a financial statement which comprises 14 month.

## 2 Staff costs

	<b>2019/20</b>	<b>2018/19</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	6,599,237	6,014,943
Pension costs	932,532	638,420
Other social security costs	173,145	111,917
Other staff costs	186,132	216,002
	<b>7,891,046</b>	<b>6,981,282</b>
Average number of full-time employees	<b>20</b>	<b>13</b>

## 3 Other financial income

	<b>2019/20</b>	<b>2018/19</b>
	<b>DKK</b>	<b>DKK</b>
Financial income from group enterprises	234,956	81,933
Other interest income	12,283	16,727
	<b>247,239</b>	<b>98,660</b>

#### 4 Other financial expenses

	2019/20 DKK	2018/19 DKK
Financial expenses from group enterprises	487,500	0
Other financial expenses	1,038,745	839,189
	<b>1,526,245</b>	<b>839,189</b>

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

	2019/20 DKK	2018/19 DKK
Current tax	(1,672,549)	(539,630)
Change in deferred tax	908,846	(259,037)
Adjustment concerning previous years	7,670	13,298
	<b>(756,033)</b>	<b>(785,369)</b>

#### 6 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	9,685,695	7,947,283
Additions	2,621,512	4,980,985
<b>Cost end of year</b>	<b>12,307,207</b>	<b>12,928,268</b>
Amortisation and impairment losses beginning of year	(4,450,998)	0
Amortisation for the year	(1,576,264)	0
<b>Amortisation and impairment losses end of year</b>	<b>(6,027,262)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>6,279,945</b>	<b>12,928,268</b>

#### 7 Development projects

The Company's development projects in progress consist of development of projects to support the Company's primary activity and to further develop the Company's products. The development projects are transferred to completed development projects when completed and are all expected to generate profits in future. The development projects recognised proceed as expected.

## 8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	814,870	50,088
Additions	193,950	650,661
<b>Cost end of year</b>	<b>1,008,820</b>	<b>700,749</b>
Depreciation and impairment losses beginning of year	(630,631)	(29,201)
Depreciation for the year	(202,819)	(155,716)
<b>Depreciation and impairment losses end of year</b>	<b>(833,450)</b>	<b>(184,917)</b>
<b>Carrying amount end of year</b>	<b>175,370</b>	<b>515,832</b>

## 9 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	29,118
Transfers	1,323,444
Additions	810,618
<b>Cost end of year</b>	<b>2,163,180</b>
Revaluations beginning of year	(29,118)
Exchange rate adjustments	95,808
Transfers	(1,323,444)
Share of profit/loss for the year	(656,838)
Investments with negative equity value depreciated over receivables	301,449
<b>Revaluations end of year</b>	<b>(1,612,143)</b>
<b>Carrying amount end of year</b>	<b>551,037</b>

## 10 Contract work in progress

	2019/20 DKK	2018/19 DKK
Contract work in progress	19,098,559	6,121,095
Progress billings regarding contract work in progress	(17,943,402)	(4,730,602)
Transferred to liabilities other than provisions	1,254,561	65,583
	<b>2,409,718</b>	<b>1,456,076</b>



### 11 Non-current liabilities other than provisions

	<b>Due within 12 months 2018/19 DKK</b>	<b>Due after more than 12 months 2019/20 DKK</b>
Bank loans	0	5,000,000
Debt to other credit institutions	1,562,073	3,909,638
Other payables	0	699,801
	<b>1,562,073</b>	<b>9,609,439</b>

### 12 Other payables

	<b>2019/20 DKK</b>	<b>2018/19 DKK</b>
VAT and duties	0	3,587
Wages and salaries, personal income taxes, social security costs, etc payable	1,488,156	591,734
Other costs payable	1,059,358	1,034,000
	<b>2,547,514</b>	<b>1,629,321</b>

### 13 Unrecognised rental and lease commitments

	<b>2019/20 DKK</b>	<b>2018/19 DKK</b>
Liabilities under rental or lease agreements until maturity in total	<b>3,542,914</b>	<b>4,366,072</b>

### 14 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Chromaviso Holding ApS 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.

### 15 Assets charged and collateral

The Company has granted a floating charge of DKK 5,000k on trade receivables, inventories, goodwill, operating equipment and vehicles. The value of the floating charge is DKK 10,205k at 31.12.2020.

On behalf of the Company, Nordea has issued performance bonds totalling DKK 983.941.

The Company has guaranteed Chromaviso IP ApS' debt to Nordea. The company's bank debt amounts to DKK 285k at 31.12.2020. The guarantee has maximum amount of DKK 300k.

# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

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

## Non-comparability

There is a lack of comparability between the financial figures for the current financial year and for the financial year last year, because the accounting period for the current year covers 14 months against 12 months in the last financial 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.

## Income statement

### Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, cost of raw materials and consumables and external expenses.

### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

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).

### Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the

financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

**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, as well as gains and losses from the sale of intangible assets as well as 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 interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies, amortisation of financial assets as well as 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 as well as 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.

**Balance sheet****Intellectual property rights etc**

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights.

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.

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 5-10 years.

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

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

Other fixtures and fittings, tools and equipment 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:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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.

### **Investments in group enterprises**

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

**Inventories**

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

**Receivables**

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

**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 under 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.

**Joint taxation contributions receivable or payable**

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for 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.

**Prepayments**

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

**Cash**

Cash comprises 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.

**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.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

**Other financial liabilities**

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

**Deferred income**

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