



Covidence A/S

Lystrupvej 50
8240 Risskov
CVR No. 30492765

Annual report 01.07.2022 - 30.06.2023

The Annual General Meeting adopted the annual
report on 23.10.2023

Kim Nyborg Carlsen
Chairman of the General Meeting

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Entity details

Entity

Covidence A/S
Lystrupvej 50
8240 Risskov

Business Registration No.: 30492765
Registered office: Aarhus
Financial year: 01.07.2022 - 30.06.2023

Board of Directors

Kim Nyborg Carlsen
Mark William Joseph
Adam Frahm

Executive Board

Kim Nyborg Carlsen

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 Covidence A/S for the financial year 01.07.2022 - 30.06.2023.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2023 and of the results of its operations for the financial year 01.07.2022 - 30.06.2023.

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

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

Risskov, 23.10.2023

Executive Board

Kim Nyborg Carlsen

Board of Directors

Kim Nyborg Carlsen

Mark William Joseph

Adam Frahm

Independent auditor's report

To the shareholders of Covidence A/S

Opinion

We have audited the financial statements of Covidence A/S for the financial year 01.07.2022 - 30.06.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2023 and of the results of its operations for the financial year 01.07.2022 - 30.06.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required 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.

Aarhus, 23.10.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jacob Nørmark

State Authorised Public Accountant
Identification No (MNE) mne30176

Jonas Thøstesen Svensson

State Authorised Public Accountant
Identification No (MNE) mne47824

Management commentary

Financial highlights

	2022/23	2021/22	2020/21	2019/20	2018/19
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	119,089	124,187	119,035	106,492	104,973
Operating profit/loss	66,475	79,951	83,376	85,074	84,259
Net financials	(1,446)	1,469	(1,437)	411	907
Profit/loss for the year	49,668	70,178	65,839	68,737	68,111
Total assets	172,305	138,125	129,248	104,086	132,690
Equity	84,273	102,361	97,199	75,961	103,171
Average number of employees	48	47	39	34	31
Ratios					
Return on equity (%)	53.23	70.33	76.04	76.74	68.72
Return on Assets	38.60	57.88	64.50	82.70	82.70
Equity ratio (%)	48.77	74.11	75.39	72.98	77.75

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

Return on equity (%):

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

Average equity

Return on Assets (%):

$\frac{\text{Net Income} * 100}{\text{Total Assets}}$

Total Assets

Equity ratio (%):

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

Total assets

Primary activities

The Company develops, produces and sells high-quality miniature video surveillance solutions.

Development in activities and finances

Covidence relocated its headquarters, from Roende to Risskov, on the 4th of April 2022. The headquarter in Roende has been sold as of 1st of August 2022.

Covidence A/S has established a branch in Germany (14th of March 2023) and bought Kinesense Ltd (2nd of February 2023).

Profit/loss for the year in relation to expected developments

During the financial year, the company's operations developed as expected. Profit for the year after tax ended at DKK 49,668 thousand against DKK 70,178 thousand in 2021/22.

Uncertainty relating to recognition and measurement

In the opinion of Management, recognition and measurement in the annual report are not subject to material uncertainties.

Outlook

The results of operations for 2023/24 are expected to be as a minimum at the same level as in 2022/23.

Foreign branches

Covidence A/S holds the entire share capital of the following companies:

- Covidence Brasil Com e Serviços de Equipamentos de Vigilância Ltda (CNPJ: 17,636,892/0001-14).
- Covidence USA, Inc. (company no. 86-3041063)
- Claresys Limited (company no. 06501929)
- Kinsense Limited (company no. 475397)

Events after the balance sheet date

No significant events have occurred subsequent to the financial year.

Income statement for 2022/23

	Notes	2022/23 DKK	2021/22 DKK
Gross profit/loss		119,088,605	124,187,074
Staff costs	1	(42,475,165)	(35,657,458)
Depreciation, amortisation and impairment losses	2	(10,138,484)	(8,578,139)
Operating profit/loss		66,474,956	79,951,477
Income from investments in group enterprises		(605,161)	5,459,308
Other financial income	3	5,295,909	4,434,439
Other financial expenses	4	(6,742,187)	(2,965,658)
Profit/loss before tax		64,423,517	86,879,566
Tax on profit/loss for the year	5	(14,755,809)	(16,701,727)
Profit/loss for the year	6	49,667,708	70,177,839

Balance sheet at 30.06.2023

Assets

	Notes	2022/23 DKK	2021/22 DKK
Completed development projects	8	6,151,733	11,452,779
Development projects in progress	8	21,839,928	11,650,633
Intangible assets	7	27,991,661	23,103,412
Other fixtures and fittings, tools and equipment		6,351,035	5,301,920
Leasehold improvements		1,564,309	1,471,005
Property, plant and equipment	9	7,915,344	6,772,925
Investments in group enterprises		58,050,433	22,485,513
Deposits		762,750	762,750
Financial assets	10	58,813,183	23,248,263
Fixed assets		94,720,188	53,124,600
Raw materials and consumables		21,344,294	20,529,914
Manufactured goods and goods for resale		8,962,995	3,922,266
Assets held for sale		0	6,750,500
Inventories		30,307,289	31,202,680
Trade receivables		19,651,500	21,741,664
Receivables from group enterprises		1,478,692	85,412
Other receivables		989,952	1,260,443
Prepayments	11	2,273,217	1,536,133
Receivables		24,393,361	24,623,652
Cash		22,884,297	29,174,500
Current assets		77,584,947	85,000,832
Assets		172,305,135	138,125,432

Equity and liabilities

	Notes	2022/23 DKK	2021/22 DKK
Contributed capital		2,948,800	2,941,800
Reserve for net revaluation according to the equity method		4,094,247	8,474,610
Reserve for development expenditure		21,833,496	18,020,661
Retained earnings		5,728,923	0
Proposed dividend		49,667,708	72,924,264
Equity		84,273,174	102,361,335
Deferred tax	12	6,812,000	5,484,000
Other provisions	13	280,782	272,055
Provisions		7,092,782	5,756,055
Lease liabilities		0	235,930
Joint taxation contribution payable		13,427,809	15,264,727
Non-current liabilities other than provisions	14	13,427,809	15,500,657
Current portion of non-current liabilities other than provisions	14	236,209	53,184
Prepayments received from customers		0	950,295
Trade payables		5,058,278	7,867,703
Payables to group enterprises		44,264,249	1,019,222
Joint taxation contribution payable		15,264,727	0
Other payables		2,687,907	4,616,981
Current liabilities other than provisions		67,511,370	14,507,385
Liabilities other than provisions		80,939,179	30,008,042
Equity and liabilities		172,305,135	138,125,432
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
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Statement of changes in equity for 2022/23

	Contributed capital DKK	Share premium DKK	Reserve for net revaluation according to the equity method DKK	Reserve for development expenditure DKK	Retained earnings DKK
Equity beginning of year	2,941,800	0	8,474,610	18,020,661	0
Increase of capital	7,000	5,247,505	0	0	0
Transferred from share premium	0	(5,247,505)	0	0	5,247,505
Ordinary dividend paid	0	0	0	0	0
Exchange rate adjustments	0	0	(86,110)	0	0
Dividends from group enterprises	0	0	(3,715,048)	0	3,715,048
Transfer to reserves	0	0	0	3,812,835	(3,812,835)
Profit/loss for the year	0	0	(579,205)	0	579,205
Equity end of year	2,948,800	0	4,094,247	21,833,496	5,728,923

	Proposed dividend DKK	Total DKK
Equity beginning of year	72,924,264	102,361,335
Increase of capital	0	5,254,505
Transferred from share premium	0	0
Ordinary dividend paid	(72,924,264)	(72,924,264)
Exchange rate adjustments	0	(86,110)
Dividends from group enterprises	0	0
Transfer to reserves	0	0
Profit/loss for the year	49,667,708	49,667,708
Equity end of year	49,667,708	84,273,174

The company's capital consists one class of share multiples of DKK 100.

Notes

1 Staff costs

	2022/23	2021/22
	DKK	DKK
Wages and salaries	37,208,756	31,219,441
Pension costs	3,358,574	2,869,486
Other social security costs	559,224	530,273
Other staff costs	1,348,611	1,038,258
	42,475,165	35,657,458
Average number of full-time employees	48	47

	Remuneration of Management 2022/23 DKK	Remuneration of Management 2021/22 DKK
Executive Board	4,313,857	4,128,291
Board of Directors	50,000	50,000
	4,363,857	4,178,291

2 Depreciation, amortisation and impairment losses

	2022/23	2021/22
	DKK	DKK
Amortisation of intangible assets	7,617,202	6,591,185
Impairment losses on intangible assets	0	54,918
Depreciation of property, plant and equipment	2,521,282	1,932,036
	10,138,484	8,578,139

3 Other financial income

	2022/23	2021/22
	DKK	DKK
Other interest income	275,868	0
Exchange rate adjustments	5,020,041	4,434,439
	5,295,909	4,434,439

4 Other financial expenses

	2022/23	2021/22
	DKK	DKK
Financial expenses from group enterprises	971,270	0
Other interest expenses	0	213,114
Exchange rate adjustments	5,665,916	2,681,190
Other financial expenses	105,001	71,354
	6,742,187	2,965,658

5 Tax on profit/loss for the year

	2022/23	2021/22
	DKK	DKK
Current tax	12,915,579	15,264,727
Change in deferred tax	1,328,000	1,437,000
Adjustment concerning previous years	512,230	0
	14,755,809	16,701,727

6 Proposed distribution of profit and loss

	2022/23	2021/22
	DKK	DKK
Ordinary dividend for the financial year	49,667,708	72,924,264
Retained earnings	0	(2,746,425)
	49,667,708	70,177,839

7 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	26,321,191	11,650,633
Transfers	2,332,519	(2,332,519)
Additions	0	12,521,814
Disposals	(22,733)	0
Cost end of year	28,630,977	21,839,928
Amortisation and impairment losses beginning of year	(14,868,412)	0
Amortisation for the year	(7,617,202)	0
Reversal regarding disposals	6,370	0
Amortisation and impairment losses end of year	(22,479,244)	0
Carrying amount end of year	6,151,733	21,839,928

8 Development projects

The Company's development projects relate to development of new products to be used in surveillance solutions. Development of new products is made on the basis of an identified market need or a commercial long-term need for new technology. All projects are approved by Management before they are initiated. Development projects are recognised in the balance sheet when it is assessed that the products derived from the project will yield a future financial benefit. The projects and their values are assessed on a continuous basis, and no indication of impairment of the carrying amount is found to exist.

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	11,599,617	1,531,527
Additions	3,448,334	281,525
Disposals	(782,571)	(15,421)
Cost end of year	14,265,380	1,797,631
Depreciation and impairment losses beginning of year	(6,297,697)	(60,522)
Depreciation for the year	(2,347,135)	(174,147)
Reversal regarding disposals	730,487	1,347
Depreciation and impairment losses end of year	(7,914,345)	(233,322)
Carrying amount end of year	6,351,035	1,564,309
Recognised assets not owned by entity	249,459	0

10 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	14,010,903	762,750
Additions	39,945,283	0
Cost end of year	53,956,186	762,750
Revaluations beginning of year	8,474,610	0
Exchange rate adjustments	(86,110)	0
Amortisation of goodwill	(3,489,476)	0
Share of profit/loss for the year	2,884,315	0
Dividend	(3,715,048)	0
Investments with negative equity value depreciated over receivables	25,956	0
Revaluations end of year	4,094,247	0
Carrying amount end of year	58,050,433	762,750
Goodwill or negative goodwill recognised during the financial year	37,680,423	0

Investments in subsidiaries	Registered in	Equity interest %
Covidence Brasil Com e Serviços de Equipamentos de Vigilância Ltda	Brasilien/Brasil	100.00
Covidence USA, Inc.	USA	100.00
Claresys Ltd	England	100.00
Kinesense Ltd.	Irland	100.00

11 Prepayments

Prepayments cover prepaid insurance, licenses, lease payments, etc.

12 Deferred tax

Changes during the year	2022/23 DKK	2021/22 DKK
Beginning of year	5,484,000	4,047,000
Recognised in the income statement	1,328,000	1,437,000
End of year	6,812,000	5,484,000

13 Other provisions

The provision covers a demolition obligation for the company's headquarters.

14 Non-current liabilities other than provisions

	Due within 12 months 2022/23 DKK	Due within 12 months 2021/22 DKK	Due after more than 12 months 2022/23 DKK
Lease liabilities	236,209	53,184	0
Joint taxation contribution payable	0	0	13,427,809
	236,209	53,184	13,427,809

15 Unrecognised rental and lease commitments

	2022/23 DKK	2021/22 DKK
Liabilities under rental or lease agreements until maturity in total	6,967,856	7,119,000

16 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Grey 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.

17 Related parties with controlling interest

EMK Capital Partners LP, Jersey

Black Topco ApS, Risskov

Grey Bidco 2019 ApS, Risskov

Grey Holding ApS, Risskov

The above-mentioned companies own all of the company shares and thus have a controlling interest in the Company.

18 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Grey Holding ApS, Risskov

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 Entity has changed its accounting policies with regard to presentation of own work capitalized.

The change in accounting policies regarding own work capitalized has not led to a decrease or increase in equity, assets or liabilities. Own work capitalized was previous shown as a deduct of staff cost, but is now presented on a seperate line, as part of gross profit.

The comparative figures have been restated following the change in accounting policies and the effect on the comparative figures is an increase of DKK 8.042k in Staff cost and a decrease of Gross profit of the same amount.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistent with last year with minor reclassifications.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Covidence A/S and its group entities are part of the consolidated financial statements of Grey Holding ApS.

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.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised in intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually.

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.

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

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods, cost of raw materials, 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.

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

Other operating income

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

activities.

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 normal 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 and amortisation 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 Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

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.

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. 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 4 years.

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

Property, plant and equipment

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

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

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

	Useful life
Other fixtures and fittings, tools and equipment	4-10 years
Leasehold improvements	10 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 plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

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.

The company have chosen the equity method as consolidation-methode.

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. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

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

Assets held for sale

Assets held for sale are assets that are no longer in use and have been put up for sale. The assets are measured at the lower of carrying amount at the date of reclassification and net realisable value, and no amortisation or depreciation is made.

Receivables

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

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 a demolition obligation.

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.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Joint taxation contributions payable or receivable

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

Cash flow statement

With reference to section 86 of the Danish Financial Statements Act, no cash flow statement is prepared for the company. We refer to the consolidated cash flow statement in the consolidated financial statements of Grey Holding ApS.