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BDO Statsautoriseret revisionsaktieselskab
Havneholmen 29
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CVR no. 20 22 26 70

FINALTO A/S

DAMPFÆRGEVEJ 8 4., 2100 KØBENHAVN Ø

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2023

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 21 June 2024

Matthew John Maloney

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 31 36 45 23

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COMPANY DETAILS

Company	Finalto A/S Dampfærgevej 8 4. 2100 Copenhagen Ø	
	CVR No.:	31 36 45 23
	Established:	31 March 2008
	Municipality:	Copenhagen
	Financial Year:	1 January - 31 December
Board of Directors	Matthew John Maloney Paul Groves Stanislav Bunimovich Mikkel Kallerup Olsen	
Executive Board	Matthew John Maloney	
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V	

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Finalto A/S for the financial year 1 January - 31 December 2023.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2023 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2023.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen, 21 June 2024

Executive Board

Matthew John Maloney

Board of Directors

Matthew John Maloney	Paul Groves	Stanislav Bunimovich
Mikkel Kallerup Olsen		

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Finalto A/S

Opinion
We have audited the Consolidated Financial Statements and the Annual Financial Statements of the Company of Finalto A/S for the financial year 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Annual Financial Statements of the Company are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2023 and of the results of the Group and the Parent Company's operations as well as the consolidated cash flows of the Group for the financial year 1 January - 31 December 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 the 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 Consolidated Financial Statements and the Annual Financial Statements of the Company” section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Consolidated Financial Statements and the Annual Financial Statements of the Company
Management is responsible for the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Consolidated Financial Statements and the Annual Financial Statements of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements
Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Consolidated Financial Statements and the Annual Financial Statements of the Company.

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

INDEPENDENT AUDITOR'S REPORT

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Annual Financial Statements of the Company, 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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Annual Financial Statements of the Company, including the disclosures, and whether the Consolidated Financial Statements and the Annual Financial Statements of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

INDEPENDENT AUDITOR'S REPORT

Statement on Management Commentary
Management is responsible for Management Commentary.

Our opinion on the Consolidated Financial Statements and the Annual Financial Statements of the Company does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and the Annual Financial Statements of the Company, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Consolidated Financial Statements and the Annual Financial Statements of the Company or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary is in accordance with the Consolidated Financial Statements and the Annual Financial Statements of the Company and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management Commentary.

Copenhagen, 21 June 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Søren Søndergaard Jensen
State Authorised Public Accountant
MNE no. mne32069

FINANCIAL HIGHLIGHTS OF THE GROUP

	2023 DKK '000	2022 DKK '000	2021 DKK '000
Income statement			
Gross profit	251.408	144.309	93.000
Operating profit/loss of main activities	134.502	34.018	11.000
Financial income and expenses, net	4.135	9.215	-10.000
Profit/loss for the year	106.570	33.586	2.943
Balance sheet			
Total assets	1.921.116	1.499.773	1.439.000
Equity	305.818	205.961	180.943
Cash flows			
Investment in property, plant and equipment	7.841	5.208	1.958
Key ratios			
Equity ratio	15,0	14,0	13,0
Return on equity	41,6	17,4	3,3

As this is the second year that group accounts are prepared, only figures for 2023, 2022 and 2021 are shown in group financial highlights

The ratios stated in the list of key figures and ratios have been calculated as follows:

Equity ratio: $\frac{\text{Equity (ex. minorities), at year-end x 100}}{\text{Total assets, at year-end}}$

Return on equity: $\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

MANAGEMENT COMMENTARY

Primary activities
Finalto A/S is the parent entity of a group of companies ("Finalto") and provides investment and technology solutions to its subsidiaries.

Development in activities and financial affairs
During 2023, we introduced additional trading initiatives that can be affected by market conditions. 2023 saw improved performance as a result of the implementation of the new initiatives. This resulted in the main trading subsidiary generating a substantial profit before tax.

So far in 2024, we have seen good financial performance as a result of the strong underlying liquidity business. This will also lead to a strong pipeline heading into 2025.

During 2023, Finalto performed well, with notable achievements in financial performance, system robustness and customer support. The key performance indicators monitored by the Directors were trading volumes, yield, cash availability, the regulated entity's solvency and the diversification of clients. Regulatory capital is also monitored for FCA and MAS purposes in the UK and Singapore respectively. Each of these KPIs remained strong over the course of 2023 compared to prior year.

Outlook
The directors seek to build on Finalto's high quality technology solutions, services and access to diverse liquidity offering during the coming year. To conclude, the directors believe that 2024 will be a strong year for the business as we grow on the foundations laid in 2023.

Knowledge resources
During the year the Finalto Group continued to invest in its customer support and Compliance functions. Finalto maintains the highest standards of regulatory and legal compliance and seeks to adhere to all relevant requirements. Finalto continued to benefit from the strength of its parent, Finalto Group Limited (IOM), and forms a key part of the Finalto Group offering multi-asset cross-margined products to a growing global client base.

External environment
The regulatory landscape is uncertain and continuously evolving which requires the regulated subsidiaries to remain up to date on any regulatory updates and changes.

Research and development activities
Finalto A/S activities include the research and development of industry leading platforms and systems. Development costs are capitalised where appropriate.

Branches abroad
Finalto A/S has a foreign branch in the United Kingdom which employees a number of Group functions that service the whole Finalto Group.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

		Group		Parent Company	
	Note	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000
GROSS PROFIT		**251.408**	**144.309**	**41.046**	**71.682**
Staff costs	1	-97.590	-92.608	-30.565	-30.393
Depreciation, amortisation and impairment losses for tangible and intangible assets		-19.316	-17.683	-14.405	-13.358
OPERATING PROFIT		**134.502**	**34.018**	**-3.924**	**27.931**
Income from other equity investments, securities and receivables, which are non-current assets		0	0	111.999	5.112
Other financial income	2	7.063	11.532	0	12.342
Other financial expenses	3	-2.928	-2.317	-2.316	-4.231
PROFIT BEFORE TAX		**138.637**	**43.233**	**105.759**	**41.154**
Tax on profit/loss for the year	4	-32.067	-9.647	811	-7.568
PROFIT FOR THE YEAR	5	**106.570**	**33.586**	**106.570**	**33.586**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group 2023 DKK '000	Group 2022 DKK '000	Parent Company 2023 DKK '000	Parent Company 2022 DKK '000
Development projects completed, including patents and similar rights originating from development projects		39.552	26.033	39.552	26.033
Development projects in progress and prepayments for intangible assets		5.040	3.559	0	0
Intangible assets	6	**44.592**	**29.592**	**39.552**	**26.033**
Land and buildings		515	1.647	515	1.650
Other plant, fixtures and equipment		7.139	6.820	4.016	4.555
Leasehold improvements		433	628	0	1
Property, plant and equipment	7	**8.087**	**9.095**	**4.531**	**6.206**
Investments in subsidiaries		0	0	374.624	269.121
Rent deposit and other receivables		929	935	558	558
Financial non-current assets	8	**929**	**935**	**375.182**	**269.679**
NON-CURRENT ASSETS		**53.608**	**39.622**	**419.265**	**301.918**
Trade receivables		12.385	8.641	0	5
Receivables from group enterprises		193.033	105.889	0	0
Other receivables		4.668	267	296	0
Corporation tax receivable		547	0	547	0
Prepayments		11.172	3.615	1.336	1.311
Receivables		**221.805**	**118.412**	**2.179**	**1.316**
Cash and cash equivalents		**1.645.703**	**1.341.739**	**1.934**	**2.091**
CURRENT ASSETS		**1.867.508**	**1.460.151**	**4.113**	**3.407**
ASSETS		**1.921.116**	**1.499.773**	**423.378**	**305.325**

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BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group 2023 DKK '000	Group 2022 DKK '000	Parent Company 2023 DKK '000	Parent Company 2022 DKK '000
Share Capital	9	2.477	2.477	2.477	2.477
Share Premium		9.096	9.096	9.096	9.096
Reserve for net revaluation under the equity method		0	0	215.060	109.830
Other reserves		0	2.699	0	2.699
Reserve for development costs		30.850	20.306	30.850	20.306
Fair value reserve for currency translation of foreign entities		-4.014	0	-4.014	0
Retained earnings		267.409	171.383	52.349	61.553
EQUITY		**305.818**	**205.961**	**305.818**	**205.961**
Provision for deferred tax	10	4.167	5.234	3.800	5.141
PROVISIONS		**4.167**	**5.234**	**3.800**	**5.141**
Other non-current liabilities		0	643	0	643
Non-current liabilities	11	**0**	**643**	**0**	**643**
Lease liabilities		606	1.255	0	1.255
Trade payables		46.728	4.487	0	0
Debt to Group companies		22.379	62.678	109.142	82.280
Corporation tax payable		21.335	4.124	0	5.578
Other liabilities		1.520.083	1.215.391	4.618	4.467
Current liabilities		**1.611.131**	**1.287.935**	**113.760**	**93.580**
LIABILITIES		**1.611.131**	**1.288.578**	**113.760**	**94.223**
EQUITY AND LIABILITIES		**1.921.116**	**1.499.773**	**423.378**	**305.325**

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EQUITY

DKK '000	Group Share Capital	Share Premium	Other reserves	Retained earnings	Total
Equity at 1 January 2023	2.477	9.096	23.005	171.383	205.961
Proposed profit allocation, see note 5				106.570	106.570
Transfers					
Allowed equalization			10.544	-10.544	0
Change fair value reserves					
Value adjustments in the year			-6.713		-6.713
Equity at 31 December 2023	**2.477**	**9.096**	**26.836**	**267.409**	**305.818**

DKK '000	Group Reserve for net revaluation under the equity method	Reserve for development costs	Fair value reserve for currency translation of foreign entities	Total
Equity at 1 January 2023	0	20.306	2.699	23.005
Transfers				
Allowed equalization		10.544		10.544
Change fair value reserves				
Value adjustments in the year			-6.713	-6.713
Equity at 31 December 2023	**0**	**30.850**	**-4.014**	**26.836**

EQUITY

DKK '000	Parent Company Share Capital	Share Premium	Other reserves	Retained earnings	Total
Equity at 1 January 2023	2.477	9.096	132.835	61.553	205.961
Proposed profit allocation, jf. note 5			105.230	1.340	106.570
Transfers					
Allowed equalization			10.544	-10.544	0
Change fair value reserves					
Value adjustments in the year			-6.713		-6.713
Equity at 31 December 2023	**2.477**	**9.096**	**241.896**	**52.349**	**305.818**

DKK '000	Parent Company Reserve for net revaluati-on under the equity method	Reserve for development costs	Fair value reserve for currency translation of foreign entities	Total
Equity at 1 January 2023	109.830	20.306	2.699	132.835
Proposed profit allocation, jf. note 5	105.230			105.230
Transfers				
Allowed equalization		10.544		10.544
Change fair value reserves				
Value adjustments in the year			-6.713	-6.713
Equity at 31 December 2023	**215.060**	**30.850**	**-4.014**	**241.896**

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group	
	2023 DKK '000	**2022** DKK '000
Profit/loss for the year	106.570	33.586
Depreciation and amortisation, reversed	19.316	17.683
Tax on profit/loss, reversed	32.067	7.568
Exchange losses/gains	-6.708	-7.269
Change in receivables (ex tax)	-172.284	2.270
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility)	358.311	-343
CASH FLOWS FROM OPERATING ACTIVITY	**337.272**	**53.495**
Purchase of intangible assets	-25.461	-19.664
Purchase of property, plant and equipment	-7.847	-5.208
CASH FLOWS FROM INVESTING ACTIVITY	**-33.308**	**-24.872**
CHANGE IN CASH AND CASH EQUIVALENTS	**303.964**	**28.623**
Cash and cash equivalents at 1. januar	1.341.739	1.313.116
CASH AND CASH EQUIVALENTS AT 31. DECEMBER	**1.645.703**	**1.341.739**
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents	1.645.703	1.341.739
CASH AND CASH EQUIVALENTS	**1.645.703**	**1.341.739**

NOTES

	Group		Parent Company		
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000	Note
Staff costs					1
Average number of full time employees	140	133	53	53	
Wages and salaries	89.038	86.385	26.350	26.381	
Pensions	5.526	3.979	2.946	2.368	
Social security costs	115	196	115	175	
Other staff costs	2.911	2.048	1.154	1.469	
	97.590	**92.608**	**30.565**	**30.393**	

No remuneration has been paid to the Board of Directors. According to the Danish Financial Statements Act section 98b, remuneration to the Executive Board (one person) is not disclosed.

Three members of the Board of Directors are contractually employed by related parties within the Finalto Financial Services Limited. Their remuneration does not relate to the work regarding Finalto A/S. No remuneration is recharged to Finalto A/S

Other financial income					2
Interest income from group enterprises	0	3.685	0	0	
Other interest income	7.063	10.126	0	12.342	
	7.063	**13.811**	**0**	**12.342**	
Other financial expenses					3
Interest expenses to group enterprises	0	4.057	0	4.057	
Other interest expenses	2.933	402	2.316	174	
	2.933	**4.459**	**2.316**	**4.231**	

	Group		Parent Company		
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000	
Tax on profit/loss for the year					4
Calculated tax on taxable income of the year	28.920	6.407	0	5.526	
Adjustment of tax in previous years	4.214	1.811	531	613	
Adjustment of deferred tax	-1.067	1.429	-1.342	1.429	
	32.067	**9.647**	**-811**	**7.568**	

NOTES

	Group		Parent Company		
	2023	**2022**	**2023**	**2022**	**Note**
	DKK '000	DKK '000	DKK '000	DKK '000	
Proposed distribution of profit					**5**
Allocation to reserve for net revaluation under the equity method.....	0	0	105.230	0	
Retained earnings......................	106.570	33.586	1.340	33.586	
	106.570	**33.586**	**106.570**	**33.586**	

NOTES

Note

Intangible assets 6

DKK '000	Group Development projects completed, including patents and similar rights originating from development projects	Development projects in progress and prepayments for intangible assets
Cost at 1 January 2023	80.953	5.492
Additions	22.878	4.527
Cost at 31 December 2023	**103.831**	**10.019**
Amortisation at 1 January 2023	54.920	1.933
Amortisation for the year	9.359	3.046
Amortisation at 31 December 2023	**64.279**	**4.979**
Carrying amount at 31 December 2023	**39.552**	**5.040**

Development costs are measured at cost. Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

We have researched and developed a number of new project initiatives during 2023. These are developments to our proprietary trading software used for the provision of liquidity of foreign exchange and risk management and will generate additional revenue in the subsequent years.

The research and development costs associated with these new software’s have been recognised and capitalized at amortized cost and they are fully expected to continue to generate significant revenue in 2024 nd future years

DKK '000	Parent Company Development projects completed, including patents and similar rights originating from development projects
Cost at 1 January 2023	80.954
Additions	22.878
Cost at 31 December 2023	**103.832**
Amortisation at 1 January 2023	54.920
Amortisation for the year	9.360
Amortisation at 31 December 2023	**64.280**
Carrying amount at 31 December 2023	**39.552**

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Intangible fixed assets (continued) 6

Development costs are measured at cost. Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

We have researched and developed a number of new project initiatives during 2023. These are developments to our proprietary trading software used for the provision of liquidity of foreign exchange and risk management and will generate additional revenue in the subsequent years.

The research and development costs associated with these new software's have been recognised and capitalized at amortized cost and they are fully expected to continue to generate significant revenue in 2024 nd future years

Property, plant and equipment 7

	Group		
DKK '000	Land and buildings	Other plant, fixtures and equipment	Leasehold improvements
Cost at 1 January 2023	8.201	25.915	1.833
Additions	0	10.543	0
Cost at 31 December 2023	**8.201**	**36.458**	**1.833**
Depreciation and impairment losses at 1 January 2023	6.554	19.095	1.214
Exchange adjustment	0	42	0
Depreciation for the year	1.132	10.182	186
Depreciation and impairment losses at 31 December 2023	**7.686**	**29.319**	**1.400**
Carrying amount at 31 December 2023	**515**	**7.139**	**433**

	Parent Company		
DKK '000	Land and buildings	Other plant, fixtures and equipment	Leasehold improvements
Cost at 1 January 2023	8.201	18.785	306
Additions	0	7.598	0
Cost at 31 December 2023	**8.201**	**26.383**	**306**
Depreciation and impairment losses at 1 January 2023	6.554	14.228	306
Depreciation for the year	1.132	8.139	0
Depreciation and impairment losses at 31 December 2023	**7.686**	**22.367**	**306**
Carrying amount at 31 December 2023	**515**	**4.016**	**0**

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Financial non-current assets 8

DKK '000	Group: Investments in subsidiaries	Group: Rent deposit and other receivables
Cost at 1 January 2023	0	935
Exchange adjustment at closing rate	0	-6
Cost at 31 December 2023	**0**	**929**
Carrying amount at 31 December 2023	**0**	**929**

DKK '000	Parent Company: Investments in subsidiaries	Parent Company: Rent deposit and other receivables
Cost at 1 January 2023	159.564	558
Cost at 31 December 2023	**159.564**	**558**
Revaluation at 1 January 2023	109.557	0
Exchange adjustment	-6.496	0
Profit/loss for the year	111.999	0
Revaluation at 31 December 2023	**215.060**	**0**
Carrying amount at 31 December 2023	**374.624**	**558**

Investments in subsidiaries (DKK '000)

Name and domicil	Equity	Profit/loss for the year	Ownership
Finalto Financial Services Limited, London	357.692	112.542	100 %
Finalto Asia Pte Ltd, Singapore	16.931	-543	100 %

	2023 DKK '000	2022 DKK '000	Note
Share Capital			9
Allocation of share capital:			
Shares , 2.477.413 unit in the denomination of 1 DKK	2.477	2.477	
	2.477	**2.477**	

Provision for deferred tax 10

The provision for deferred tax is related to differences between the carrying amount and tax value of securities, receivables, intangible and tangible fixed assets, including recognised finance lease contracts.

NOTES

Note

	Group		Parent Company	
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000
Deferred tax, beginning of year	5.234	3.805	5.142	3.713
Deferred tax of the year, income statement	-1.067	1.429	-1.342	1.429
Provision for deferred tax 31 December 2023	**4.167**	**5.234**	**3.800**	**5.142**

Long-term liabilities 11

Group				
DKK '000	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2022 total liabilities
Other non-current liabilities	0	0	0	643
	0	**0**	**0**	**643**

Parent Company				
DKK '000	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2022 total liabilities
Other non-current liabilities	0	0	0	643
	0	**0**	**0**	**643**

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Contingent liabilities

The Danish group companies are jointly and severally liable for tax on jointly taxed income etc. of the Group. The total amount of corporation tax payable is disclosed in the annual report of Consolidated Finalto A/S, which is the management company of the joint taxation. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the company's liability.

Charges and securities 13

The company has not provided any security over assets.

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Related parties 14

The Company's related parties include:

Controlling interest

Gopher Investments, Cayman Islands is the ultimate parent company.

Transactions with related parties

The Company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

Receivables from group companies recognised under current assets and short-term payables to group enterprises consist of balances which are settled on an ongoing basis and in accordance with the company's standard terms of agreement and payment. No write-downs have been made on the receivables.

ACCOUNTING POLICIES

General
The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (Årsregnskabsloven) for medium-sized enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement
Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

INCOME STATEMENT

Gross profit
Gross profit comprises revenue and raw materials and consumables and other external expenses.

Revenue
Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Costs of raw materials and consumables
Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Other external expenses
Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal writedowns.

Staff costs
Staff costs comprise wages and salaries as well as other staff-related costs.

ACCOUNTING POLICIES

Income from equity investments in group entreprises
For equity investments in equity investments in subsidiaries, measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

Other net financials
Interest income and interest expenses, the interest element of finance lease payments etc. are recognised in other net financials.

Tax on profit/loss for the year
The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Intangible assets
Completed development projects

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

ACCOUNTING POLICIES

Tangible fixed assets
The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful life	Residual value
Completed development projects	3 years	
Buildings	8 years	0
Leasehold improvements	3-5 years	0
Other plant, fixtures and fittings, tools and equipment	3-5 years	0

Land is not depreciated

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

ACCOUNTING POLICIES

Leases

Effective from 1 January 2019, the company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following: fixed payments, including in-substance fixed payments; variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; amounts expected to be payable under a residual value guarantee; and the exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if the company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for shortterm leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as payables. Subsequent to initial recognition, lease commitments are measured at amortised cost according to which the interest element of the lease payment is recognised in the income statement over the lease term.

ACCOUNTING POLICIES

Property, plant and equipment
Property, plant and equipment comprise land and buildings, leasehold improvements as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group entreprises
Equity investments in subsidiaries are recognised and measured according to the equity method. For equity investments in subsidiaries, the equity method is considered a measurement method.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

Under subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

For equity investments measured according to the equity method, the proportionate share of the equity investments' equity value is determined according to the accounting policies of the parent, stated in the other sections. Equity value is also based on the following accounting policies:

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

ACCOUNTING POLICIES

Impairment losses on fixed assets
The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Receivables
Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Cash
Cash includes deposits in bank account.

Equity
The net revaluation of equity investments measured according to the equity method is recognized in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

An amount equivalent to internally generated development costs in the balance sheet is recognised in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

Unrealised foreign currency gains and losses from the translation of the net investment in independent foreign entities are recognised in equity under the foreign currency translation reserve. The reserve is dissolved when the independent foreign entities are disposed of.

Grants received from the parent are recognised directly in equity under retained earnings, as the grants are treated as capital contributions.

ACCOUNTING POLICIES

Current and deferred tax
Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables
Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

CASH FLOW STATEMENT

With reference to Section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group as the enterprise is included in the consolidated cash flow statement.