

RINA Digital Solutions A/S

Sofiendalsvej 5, 9200 Aalborg SV
CVR no. 32 67 03 34

Annual report for the financial year 01.07.21 - 31.12.21

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 05.05.22

Lars Riisberg
Dirigent

Company information etc.	3
Statement of the Board of Directors and Executive Board on the annual report	4
Independent auditor's report	5 - 7
Management's review	8 - 11
Income statement	12
Balance sheet	13 - 14
Statement of changes in equity	15
Cash flow statement	16
Notes	17 - 33

The company

RINA Digital Solutions A/S
Sofiendalsvej 5
9200 Aalborg SV
Registered office: Aalborg
CVR no.: 32 67 03 34
Financial year: 01.01 - 31.12

Board of Directors

Lars Riisberg

Executive Board

Giovanni Puppo, chairman
Raimondo De Laurentiis
Lars Riisberg

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Banks

Spar Nord Bank
Danske Bank

Statement of the Board of Directors and Executive Board on the annual report

We have on this day presented the annual report for the financial year 01.07.21 - 31.12.21 for RINA Digital Solutions A/S.

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

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.21 and of the results of the company's activities and cash flows for the financial year 01.07.21 - 31.12.21.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Aalborg, May 5, 2022

Board of Directors

Lars Riisberg

Executive Board

Giovanni Puppo
Chairman

Raimondo De Laurentiis

Lars Riisberg

To the Shareholder of RINA Digital Solutions A/S**Opinion**

We have audited the financial statements of RINA Digital Solutions A/S for the financial year 01.07.21 - 31.12.21, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.21 and of the results of the company's operations and cash flows for the financial year 01.07.21 - 31.12.21 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company 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.

Statement regarding the management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, 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 management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management's review.

Management's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 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 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, 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.

Aalborg, May 5, 2022

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Jesper Moskov Møller

State Authorized Public Accountant
MNE-no. mne35460

FINANCIAL HIGHLIGHTS**Key figures**

Figures in DKK '000 *	01.07.21				
	31.12.21	2020/21	2019/20	2018/19	2017/18
<i>Profit/loss</i>					
Operating profit	2,396	8,724	3,775	2,869	3,367
Index	71	259	112	85	100
Total net financials	-91	101	567	219	-137
Index	66	-74	-414	-160	100
Profit for the year	1,909	7,085	3,653	2,430	2,503
Index	76	283	146	97	100

* Figures for periods 2017/18 - 2020/21 are for a period of 12 months

Balance

Total assets	14,523	28,036	25,720	19,463	18,631
Index	78	150	138	104	100
Investments in property, plant and equipment	0	0	29	67	19
Index	-	-	153	353	100
Equity	5,602	10,193	6,708	5,455	5,525
Index	101	184	121	99	100

Ratios

	01.07.21				
	31.12.21	2020/21	2019/20	2018/19	2017/18
<i>Profitability</i>					
Return on equity	24%	84%	60%	44%	55%
<i>Equity ratio</i>					
Solvency ratio	39%	36%	26%	28%	27%

Ratios definitions

Return on equity:
$$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$$

Solvency ratio:
$$\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$$

Primary activities

The company is an international software company with focus on the development of userfriendly standard solutions:

Sertica: Sales, implementation and development of a standard fleet management system comprising planned maintenance, procurement, HSOE and performance management. Sertica is delivered to shipping companies as well as other private and public enterprises.

Inextia: Sales, implementation and development of Cloud based Maintenance system. During the financial year, investments were made in the development and marketing of this product. Inextia is delivered to private and public companies.

Renomatic: Development, sales and implementation of own waste management system for municipalities and waste disposal companies in the Danish market.

FotoDok: Development, sales and implementation of applications for mobile platforms for supervision, quality assurance and photo documentation. The solution is aimed, for example, at the construction industry, but is also used in many other industries.

The company forms part of the RINA Group.

Development in activities and financial affairs

The income statement for the period 01.07.21 - 31.12.21 shows a profit of DKK 1,908,597 against DKK 7,085,255 for the period 01.07.20 - 30.06.21. The balance sheet shows equity of DKK 5,601,684.

The activity level and profit are deemed to be satisfactory.

The financial year has been restructured in the period, which is why it covers a period of 6 months versus 12 months in previous period.

The company's financial position and the results of the company's operations in the past financial year is also presented in the following income statement for the period 01.07.21 - 31.12.21 and the balance sheet as at 31 December 2021.

Outlook

The market conditions are expected to remain favourable. An increased activity level is expected.

Knowledge resources

As a knowledge-based firm, the employees are the company's most important asset, and strong skills are crucial to its competitiveness. The company's policy is to have staff with a wide range of qualifications who are able to fulfill various roles.

At the end of the financial year, the company had 46 employees, who all have completed medium-cycle or long cycle higher education.

The company has several special skills which together provide a strong basis for continued business development. The company uses several technologies, but focuses mainly on Microsoft NET, Android and iOS.

Financial risks*Credit risks*

The company has taken out credit insurance to further hedge its financial risks.

External environment

The company has no significant environmental matters.

Research and development activities

Significant scheduled development activities were undertaken in the financial year for Sertica and Inextia.

Subsequent events

No events materially affecting the financial position of the company have occurred after the end of the financial year. No special events have occurred after the end of the financial year which have materially affected or will materially affect the company's operations or balance sheet.

Income statement

	01.07.21	2020/21
Note	31.12.21	
	DKK	DKK
	16,513,457	36,416,516
1 Staff costs	-13,359,886	-26,203,185
	3,153,571	10,213,331
2 Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-757,792	-1,478,282
Other operating expenses	0	-10,887
	2,395,779	8,724,162
3 Income from equity investments in group enterprises	-30,392	172,860
4 Financial income	11,936	107,857
Financial expenses	-72,263	-180,191
	2,305,060	8,824,688
Tax on profit for the year	-396,463	-1,739,433
	1,908,597	7,085,255

5 Proposed appropriation account

ASSETS		31.12.21	30.06.21
Note		DKK	DKK
	Completed development projects	2,492,350	3,047,604
	Acquired rights	143,923	0
	Development projects in progress	679,691	113,957
6	Total intangible assets	3,315,964	3,161,561
	Other fixtures and fittings, tools and equipment	3,730	8,823
7	Total property, plant and equipment	3,730	8,823
8	Equity investments in group enterprises	476,716	487,603
	Total investments	476,716	487,603
	Total non-current assets	3,796,410	3,657,987
9	Work in progress for third parties	144,554	170,755
	Trade receivables	3,926,916	5,247,721
	Receivables from group enterprises	0	9,831,521
	Other receivables	101,030	106,519
10	Prepayments	338,970	230,729
	Total receivables	4,511,470	15,587,245
	Other investments	453	559,294
	Total securities and equity investments	453	559,294
	Cash	6,214,649	8,231,109
	Total current assets	10,726,572	24,377,648
	Total assets	14,522,982	28,035,635

EQUITY AND LIABILITIES		31.12.21	30.06.21
Note		DKK	DKK
11	Share capital	500,000	500,000
	Reserve for net revaluation according to the equity method	427,686	438,573
	Reserve for development costs	2,459,629	2,436,896
	Retained earnings	2,214,369	6,817,618
	Total equity	5,601,684	10,193,087
12	Provisions for deferred tax	1,674,800	2,073,500
	Total provisions	1,674,800	2,073,500
9	Prepayments received from work in progress for third parties	548,102	739,689
	Trade payables	1,861,671	863,853
	Payables to group enterprises	486,017	585,755
	Income taxes	795,163	2,118,821
	Other payables	3,480,645	6,050,302
13	Deferred income	74,900	5,410,628
	Total short-term payables	7,246,498	15,769,048
	Total payables	7,246,498	15,769,048
	Total equity and liabilities	14,522,982	28,035,635
14	Fair value information		
15	Contingent liabilities		
16	Related parties		

Statement of changes in equity

Figures in DKK	Share capital	Reserve for net revaluation according to the equity method	Reserve for development costs	Retained earnings	Proposed dividend for the financial year
Statement of changes in equity for 01.07.20 - 30.06.21					
Balance as at 01.07.20	500,000	0	2,432,749	175,083	3,600,000
Dividend paid	0	0	0	0	-3,600,000
Transfers to/from other reserves	0	272,405	4,147	-276,552	0
Net profit/loss for the year	0	166,168	0	6,919,087	0
Balance as at 30.06.21	500,000	438,573	2,436,896	6,817,618	0
Statement of changes in equity for 01.07.21 - 31.12.21					
Balance as at 01.07.21	500,000	438,573	2,436,896	6,817,618	0
Extraordinary dividend paid	0	0	0	-6,500,000	0
Transfers to/from other reserves	0	0	22,733	-22,733	0
Net profit/loss for the year	0	-10,887	0	1,919,484	0
Balance as at 31.12.21	500,000	427,686	2,459,629	2,214,369	0

Cash flow statement

	01.07.21	31.12.21	2020/21
Note		DKK	DKK
Profit for the year	1,908,597	7,085,255	
17 Adjustments	1,244,974	3,128,076	
Change in working capital:			
Receivables	1,244,254	-512,496	
Trade payables	997,819	257,633	
Other payables relating to operating activities	-8,096,972	-3,069,165	
Cash flows from operating activities before net financials	-2,701,328	6,889,303	
Interest income and similar income received	3,582	107,857	
Interest expenses and similar expenses paid	-83,417	-173,500	
Income tax paid	-2,118,821	72,240	
Cash flows from operating activities	-4,899,984	6,895,900	
Purchase of intangible assets	-907,101	-1,358,992	
Cash flows from investing activities	-907,101	-1,358,992	
Dividend paid	-6,500,000	-3,600,000	
Arrangement of payables to group enterprises	0	-9,923,021	
Repayment of payables to group enterprises	9,731,784	0	
Cash flows from financing activities	3,231,784	-13,523,021	
Total cash flows for the year	-2,575,301	-7,986,113	
Cash, beginning of year	8,231,109	16,255,858	
Securities with no significant price risk, beginning of year	559,294	520,658	
Cash, end of year	6,215,102	8,790,403	
Cash, end of year, comprises:			
Cash	6,214,649	8,231,109	
Securities with no significant price risk	453	559,294	
Total	6,215,102	8,790,403	

01.07.21
31.12.21
DKK

2020/21
DKK

1. Staff costs

Wages and salaries	11,804,997	24,040,468
Pensions	941,821	1,754,268
Other social security costs	162,943	329,032
Other staff costs	450,125	79,417
Total	13,359,886	26,203,185

Average number of employees during the year	43	40
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Remuneration for the management:

Remuneration for the Executive Board and Board of Directors	873,297	1,750,437
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2. Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment

Amortisation of intangible assets	745,405	1,447,664
Impairment losses on intangible assets	7,294	0
Depreciation of property, plant and equipment	5,093	30,618
Total	757,792	1,478,282

3. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	-30,392	172,860
Total	-30,392	172,860

	01.07.21	
	31.12.21	2020/21
	DKK	DKK

4. Financial income

Interest, group enterprises	0	67,264
Other financial income	11,936	40,593
Total	11,936	107,857

5. Proposed appropriation account

Reserve for net revaluation according to the equity method	-10,887	166,168
Extraordinary dividend for the financial year	6,500,000	0
Retained earnings	-4,580,516	6,919,087
Total	1,908,597	7,085,255

6. Intangible assets

Figures in DKK	Completed development projects	Acquired rights	Goodwill	Development projects in progress
Cost as at 01.07.21	14,776,498	85,773	2,379,000	113,957
Additions during the year	137,616	161,075	0	608,410
Transfers during the year to/from other items	42,676	0	0	-42,676
Cost as at 31.12.21	14,956,790	246,848	2,379,000	679,691
Amortisation and impairment losses as at 01.07.21	-11,728,893	-85,773	-2,379,000	0
Impairment losses during the year	-7,294	0	0	0
Amortisation during the year	-728,253	-17,152	0	0
Amortisation and impairment losses as at 31.12.21	-12,464,440	-102,925	-2,379,000	0
Carrying amount as at 31.12.21	2,492,350	143,923	0	679,691

Completed development projects concern Sertica, Inextia and Renomatic. Both systems are in sales and capitalization this year is further development of Sertica. Capitalization is based on an individual assessment of used internal development hours plus indirect production costs.

7. Property, plant and equipment

Figures in DKK	Other fixtures and fittings, tools and equipment
Cost as at 01.07.21	236,062
Cost as at 31.12.21	236,062
Depreciation and impairment losses as at 01.07.21	-227,239
Depreciation during the year	-5,093
Depreciation and impairment losses as at 31.12.21	-232,332
Carrying amount as at 31.12.21	3,730

8. Equity investments in group enterprises

Figures in DKK	Equity invest- ments in group enterprises
Cost as at 01.07.21	49,030
Cost as at 31.12.21	49,030
Revaluations as at 01.07.21	438,573
Foreign currency translation adjustment of foreign enterprises	19,505
Net profit/loss from equity investments	-14,790
Other adjustments relating to equity investments	-15,602
Revaluations as at 31.12.21	427,686
Carrying amount as at 31.12.21	476,716

Name and registered office:	Ownership interest	Equity DKK	Net profit/loss for the year DKK	Recognised value DKK
Subsidiaries:				
Logimatic Singapore Pte Ltd, Singapore	100%	476,716	-14,790	476,716

	31.12.21 DKK	30.06.21 DKK
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9. Work in progress for third parties

Work in progress for third parties	5,176,569	9,802,780
On-account invoicing	-5,580,117	-10,371,714

Total work in progress for third parties	-403,548	-568,934
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Work in progress for third parties	144,554	170,755
Prepayments received from work in progress for third parties, short-term payables	-548,102	-739,689

Total	-403,548	-568,934
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10. Prepayments

Prepaid expenses	338,970	230,729
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Total	338,970	230,729
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11. Share capital

The share capital consists of:

	Quantity	Total nominal value
Share capital	500,000	500,000

	31.12.21 DKK	30.06.21 DKK
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12. Deferred tax

Deferred tax as at 01.07.21	2,073,500	2,455,300
Deferred tax recognised in the income statement	-398,700	-381,800
Deferred tax as at 31.12.21	1,674,800	2,073,500

Deferred tax is distributed as below:

Intangible assets	729,600	695,500
Property, plant and equipment	-11,500	-14,400
Receivables	956,700	1,392,400
Total	1,674,800	2,073,500

13. Deferred income

Prepayments from customers	74,900	5,410,628
Total	74,900	5,410,628

14. Fair value information

Figures in DKK	Listed securities and equity investments	Total
Fair value as at 31.12.21	453	453
Unrealised changes of fair value recognised in the income statement for the year	-450	-450

15. Contingent liabilities

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The total tax liability for the jointly taxed companies at the balance sheet date has not yet been determined.

At 31.08.21 there has been a change in group of the jointly taxed companies due to new ownership.

16. Related parties

Controlling influence	Basis of influence
RINA Consulting B.V., Holland	Parent company

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

Remuneration for the management is specified in note 1. Staff costs.

The company is included in the Group Annual Report of the parent company RINA S.p.A, Via Corsica 12, 16128 Genova, Italy.

	01.07.21	
	31.12.21	2020/21
	DKK	DKK

17. Adjustments for the cash flow statement

Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	757,792	1,478,282
Other operating expenses	0	10,887
Income from equity investments in group enterprises	30,392	-172,860
Financial income	-11,936	-107,857
Financial expenses	72,263	180,191
Tax on profit or loss for the year	396,463	1,739,433
Total	1,244,974	3,128,076

18. 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.

In accordance with section 110 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Change in accounting policies

The company has changed its accounting policies in the following areas:

Change of financial year

The company has changed its financial year from 01.07 - 30.06 to 01.01 - 31.12. The first financial year after the change is the period 01.07.21 - 31.12.21. The change has been made as result of establishing a new group affiliation. The comparative figures are therefore not comparable since the financial information for the comparative year are for 12 months and the current year is for xx months.

Except for the areas mentioned above, the accounting policies have been applied consistently with the previous year.

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.

18. Accounting policies - continued -**CURRENCY**

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

On recognition of integrated foreign entities, monetary items are translated using the exchange rates applicable at the balance sheet date. Non-monetary items are translated using the exchange rates applicable at the date of acquisition or the date of subsequent revaluation or impairment of the asset. The items in the income statement are translated at the exchange rates applicable at the transaction date, while items derived from non-monetary items are translated at the historical exchange rates for such non-monetary items.

GRANTS

Grants are recognised when there is reasonable certainty that the grant conditions have been met and that the grant will be received.

Grants received for the production or construction of assets are recognised as deferred income under payables. For depreciable and amortisable assets, the grant is recognised as the asset is depreciated or amortised.

INCOME STATEMENT**Gross profit**

Gross profit comprises revenue, work performed for own account and capitalised, other operating income and raw materials and consumables and other external expenses.

18. Accounting policies - continued -**Revenue**

Revenue includes Income from the sale of software licenses (system sales) according to the invoicing principle, while fees for advice, adjustments, implementation and testing etc. are recognised as the work is performed. Full reservation is made for expected losses as soon as the losses are predicted.

Work performed for own account and capitalised

Work performed for own account and capitalised comprises cost of sales, wages and salaries and other internal expenses incurred during the year and included in the cost of self-constructed or self-produced intangible assets and property, plant and equipment.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

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.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

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 write-downs.

Staff costs

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

18. Accounting policies - continued -**Depreciation, amortisation and impairment losses**

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 lives, years	Residual value, per cent
Completed development projects	5	0
Acquired rights	3 - 5	0
Goodwill	5	0
Other plant, fixtures and fittings, tools and equipment	3 - 5	0

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.

Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including losses on the sale of intangible assets and property, plant and equipment.

Income from equity investments in group enterprises

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, foreign exchange gains and losses on transactions denominated in foreign currencies, gains and losses on other securities and equity investments etc. are recognised in other net financials.

18. Accounting policies - continued -**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 and development projects in progress*

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 or indirectly 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 in progress are transferred to completed development projects when the asset is ready for use.

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.

18. Accounting policies - continued -*Acquired rights*

Acquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

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

Goodwill

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

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

Gains and losses on the disposal of intangible assets

Gains and 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.

Property, plant and equipment

Property, plant and equipment comprise 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.

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.

18. Accounting policies - continued -**Equity investments in group enterprises**

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.

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.

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.

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

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.

18. Accounting policies - continued -**Work in progress for third parties**

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Other investments

Other securities are measured at fair value, equivalent to the market value at the balance sheet date.

Cash

Cash includes deposits in bank accounts.

18. Accounting policies - continued -**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.

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.

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

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

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.

18. Accounting policies - continued -**CASH FLOW STATEMENT**

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the company's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables.

Cash and cash equivalents at the beginning and end of the year comprise cash and short-term securities with no significant price risk.