



## Easytranslate A/S

Bygmestervej 10, 2. th.  
2400 København NV  
CVR No. 33240562

## Annual report 2020

The Annual General Meeting adopted the  
annual report on 30.06.2021

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**Christian Dulong Hoff**

Chairman of the General Meeting

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# Entity details

## Entity

Easytranslate A/S  
Bygmestervej 10, 2. th.  
2400 København NV

CVR No.: 33240562  
Registered office: Copenhagen  
Financial year: 01.01.2020 - 31.12.2020

## Board of Directors

Christian Dulong Hoff, Chairman of the Board  
Peter Ladegaard  
Frederik Nicolai Riskær Pedersen  
Joachim Snebang Vanggaard Jensen  
Michael Kai Petersen

## Executive Board

Frederik Nicolai Riskær Pedersen  
Peter Ladegaard

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
2300 Copenhagen S

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Easytranslate A/S for the financial year 01.01.2020 - 31.12.2020.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations and cash flows for the financial year 01.01.2020 - 31.12.2020.

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

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

Copenhagen, 30.06.2021

## Executive Board

**Frederik Nicolai Riskær Pedersen**

**Peter Ladegaard**

## Board of Directors

**Christian Dulong Hoff**  
Chairman of the Board

**Peter Ladegaard**

**Frederik Nicolai Riskær Pedersen**

**Joachim Snebang Vanggaard Jensen**

**Michael Kai Petersen**

# Independent auditor's report

## To the shareholders of Easytranslate A/S

### Opinion

We have audited the financial statements of Easytranslate A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations and cash flows for the financial year 01.01.2020 - 31.12.2020 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 of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the financial statements

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

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

### Auditor's responsibilities for the audit of the financial statements

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

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

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

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

#### **Statement on the management commentary**

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 30.06.2021

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Thomas Hermann**

State Authorised Public Accountant  
Identification No (MNE) mne26740

# Management commentary

## Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
<b>Key figures</b>					
Gross profit/loss	14,901	22,941	20,035	12,323	8,461
Operating profit/loss	(6,508)	1,543	3,098	1,285	491
Net financials	(1,983)	(1,315)	(1,257)	(934)	(210)
Profit/loss for the year	(6,121)	169	1,405	(777)	976
Total assets	46,623	59,342	39,484	25,721	15,057
Investments in property, plant and equipment	0	402	237	248	1,696
Equity	3,806	5,427	2,276	1,078	1,805
Cash flows from (used in) operating activities	(9,464)	10,296	0	0	0
Cash flows from (used in) investing activities	(7,980)	(16,623)	0	0	0
Cash flows from (used in) financing activities	9,319	3,292	0	0	0
<b>Ratios</b>					
Return on equity (%)	(132.59)	4.39	83.78	(53.90)	76.40
Equity ratio (%)	8.16	9.15	5.76	4.19	11.99

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

### Equity ratio (%):

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

Total assets



### Primary activities

The main activities of the Company are within localisation services, translation services, interpretation and supporting technologies.

### Development in activities and finances

Despite the primary activities of EasyTranslatre are the same, the COVID-19 pandemic and loss of a major client, have led to a negative result of DKK 6.121 thousand against a positive result of DKK 169 thousand last year.

### Profit/loss for the year in relation to expected developments

The gross profit has decreased in 2020 due to COVID-19 pandemic, and profit before tax has been influenced by restructuring cost and investment in development activities.

Management considers the results unsatisfactory and not in line with expectations for 2021.

### Uncertainty relating to recognition and measurement

The company's financial position at 31 December 2020 and the results of its operations for the financial year ended 31 December 2020 are not affected by any uncertainties relating to recognition and measurement.

### Unusual circumstances affecting recognition and measurement

The company's financial position at 31 December 2020 and the results of its operations for the financial year ended 31 December 2020 are not affected by any unusual circumstances affecting recognition and measurement.

### Outlook

The management anticipates increased activity despite the COVID-19 pandemic. The gross profit is expected to increase and the net result is expected to be affected by the increased activity and lead to a positive net result for 2021.

### Particular risks

Management has concluded that the company has been assessed not to be subject to any special risks, including operating and financial risks, apart from the usual risks in the line of business.

### Intellectual capital resources

It is essential for the company's continued growth to keep investing in new technologies and to continue to attract and maintain talented employees.

### Environmental performance

The company's growth means a greater responsibility to run the business in a sustainable way. The company considers its environmental footprint throughout its various activities and continues to improve efforts.

### Research and development activities

The company aim to keep developing new technologies and products to maintain its position as one of the trendsetters in the market. In 2021 the company will continue to invest in research and development activities.

### Events after the balance sheet date

No events have occurred that could materially affect the Company's financial position as at 31 December 2020.

Subsequently the extent of the COVID-19 pandemic has reached into 2021 and will impact the results for 2021.

# Income statement for 2020

	Notes	2020 DKK	2019 DKK
<b>Gross profit/loss</b>		<b>14,901,158</b>	<b>22,941,250</b>
Staff costs	3	(14,802,945)	(16,467,087)
Depreciation, amortisation and impairment losses	4	(6,605,743)	(4,931,227)
<b>Operating profit/loss</b>		<b>(6,507,530)</b>	<b>1,542,936</b>
Income from investments in group enterprises		0	(162,244)
Other financial income	5	425,459	307,433
Other financial expenses	6	(2,408,509)	(1,622,796)
<b>Profit/loss before tax</b>		<b>(8,490,580)</b>	<b>65,329</b>
Tax on profit/loss for the year	7	2,369,535	103,842
<b>Profit/loss for the year</b>	8	<b>(6,121,045)</b>	<b>169,171</b>

# Balance sheet at 31.12.2020

## Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	10	16,649,475	15,247,857
Development projects in progress	10	16,770,509	16,221,197
<b>Intangible assets</b>	9	<b>33,419,984</b>	<b>31,469,054</b>
Other fixtures and fittings, tools and equipment		667,610	1,244,300
<b>Property, plant and equipment</b>	11	<b>667,610</b>	<b>1,244,300</b>
Investments in group enterprises		292,633	292,633
<b>Financial assets</b>	12	<b>292,633</b>	<b>292,633</b>
<b>Fixed assets</b>		<b>34,380,227</b>	<b>33,005,987</b>
Trade receivables		10,020,729	20,439,723
Receivables from group enterprises		0	59,804
Other receivables		523,850	106,428
Tax receivable		0	2,596,215
Prepayments	13	226,707	242,685
<b>Receivables</b>		<b>10,771,286</b>	<b>23,444,855</b>
<b>Cash</b>		<b>1,471,452</b>	<b>2,891,353</b>
<b>Current assets</b>		<b>12,242,738</b>	<b>26,336,208</b>
<b>Assets</b>		<b>46,622,965</b>	<b>59,342,195</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2020 DKK</b>	<b>2019 DKK</b>
Contributed capital		534,211	510,205
Share premium		0	2,989,795
Reserve for net revaluation according to the equity method		43,495	43,495
Reserve for development expenditure		25,205,447	23,683,722
Retained earnings		(21,977,316)	(21,800,335)
<b>Equity</b>		<b>3,805,837</b>	<b>5,426,882</b>
Deferred tax	14	1,637,255	6,603,005
<b>Provisions</b>		<b>1,637,255</b>	<b>6,603,005</b>
Subordinate loan capital	15	3,170,099	1,550,000
Other payables		6,840,409	3,403,017
<b>Non-current liabilities other than provisions</b>	16	<b>10,010,508</b>	<b>4,953,017</b>
Current portion of non-current liabilities other than provisions	16	999,029	1,227,552
Subordinate loan capital		450,000	0
Bank loans		16,075,158	9,369,372
Prepayments received from customers		513,219	0
Trade payables		10,155,822	29,066,464
Payables to group enterprises		308,566	318,898
Other payables	17	2,667,571	2,377,005
<b>Current liabilities other than provisions</b>		<b>31,169,365</b>	<b>42,359,291</b>
<b>Liabilities other than provisions</b>		<b>41,179,873</b>	<b>47,312,308</b>
<b>Equity and liabilities</b>		<b>46,622,965</b>	<b>59,342,195</b>
Unusual circumstances	1		
Events after the balance sheet date	2		
Unrecognised rental and lease commitments	19		
Assets charged and collateral	20		
Transactions with related parties	21		

# Statement of changes in equity for 2020

	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	510,205	2,989,795	43,495	23,683,722	(21,800,335)
Increase of capital	24,006	4,475,994	0	0	0
Transfer to reserves	0	(7,465,789)	0	1,521,725	5,944,064
Profit/loss for the year	0	0	0	0	(6,121,045)
<b>Equity end of year</b>	<b>534,211</b>	<b>0</b>	<b>43,495</b>	<b>25,205,447</b>	<b>(21,977,316)</b>

	Total DKK
Equity beginning of year	5,426,882
Increase of capital	4,500,000
Transfer to reserves	0
Profit/loss for the year	(6,121,045)
<b>Equity end of year</b>	<b>3,805,837</b>

# Cash flow statement for 2020

	Notes	2020 DKK	2019 DKK
Operating profit/loss		(6,507,530)	1,542,936
Amortisation, depreciation and impairment losses		6,605,743	4,931,227
Writedown of current assets		0	(48,088)
Working capital changes	18	(4,983,288)	2,588,714
<b>Cash flow from ordinary operating activities</b>		<b>(4,885,075)</b>	<b>9,014,789</b>
Financial income received		425,459	307,433
Financial expenses paid		(2,408,509)	(1,622,795)
Taxes refunded/(paid)		(2,596,215)	2,596,215
<b>Cash flows from operating activities</b>		<b>(9,464,340)</b>	<b>10,295,642</b>
Acquisition etc of intangible assets		(7,979,983)	(16,221,197)
Acquisition etc of property, plant and equipment		0	(402,065)
<b>Cash flows from investing activities</b>		<b>(7,979,983)</b>	<b>(16,623,262)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>(17,444,323)</b>	<b>(6,327,620)</b>
Loans raised		4,818,636	295,129
Repayment of debt to group enterprises		0	(2,700)
Cash increase of capital		4,500,000	3,000,000
<b>Cash flows from financing activities</b>		<b>9,318,636</b>	<b>3,292,429</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(8,125,687)</b>	<b>(3,035,191)</b>
Cash and cash equivalents beginning of year		(6,478,019)	(3,442,828)
<b>Cash and cash equivalents end of year</b>		<b>(14,603,706)</b>	<b>(6,478,019)</b>
Cash and cash equivalents at year-end are composed of:			
Cash		1,471,452	2,891,353
Short-term debt to banks		(16,075,158)	(9,369,372)
<b>Cash and cash equivalents end of year</b>		<b>(14,603,706)</b>	<b>(6,478,019)</b>

# Notes

## 1 Unusual circumstances

The ongoing Covid-19 pandemic has allowed Easytranslate A/S to apply for Covid-19 aid packages.

Easytranslate A/S has received the following aid packages in relation to the ongoing Covid-19 pandemic:

- Horizon 2020 from the European Research Area (ERA)
- Innobooster from Innovation Fund Denmark (IFD)
- Fixed cost compensation from the Danish Business Authority

The combined compensation received amounts to DKK 1,619 thousand.

## 2 Events after the balance sheet date

No events have occurred that could materially affect the Company's financial position as at 31 December 2020.

Subsequently the extent of the COVID-19 pandemic has reached into 2021 and will impact the results for 2021.

## 3 Staff costs

	2020 DKK	2019 DKK
Wages and salaries	21,546,620	30,348,452
Pension costs	40,729	24,040
Other social security costs	241,836	379,382
	<b>21,829,185</b>	<b>30,751,874</b>
Staff costs classified as assets	(7,026,240)	(14,284,787)
	<b>14,802,945</b>	<b>16,467,087</b>
Average number of full-time employees	<b>43</b>	<b>61</b>

	Remuneration of management 2020 DKK	Remuneration of management 2019 DKK
Total amount for management categories	2,365,165	2,236,103
	<b>2,365,165</b>	<b>2,236,103</b>

## 4 Depreciation, amortisation and impairment losses

	2020 DKK	2019 DKK
Amortisation of intangible assets	6,029,053	4,230,873
Depreciation of property, plant and equipment	576,690	700,354
	<b>6,605,743</b>	<b>4,931,227</b>

**5 Other financial income**

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Other interest income	34,452	0
Exchange rate adjustments	391,007	307,433
	<b>425,459</b>	<b>307,433</b>

**6 Other financial expenses**

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Other interest expenses	1,510,209	1,059,830
Other financial expenses	898,300	562,966
	<b>2,408,509</b>	<b>1,622,796</b>

**7 Tax on profit/loss for the year**

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	0	(2,596,215)
Change in deferred tax	(4,965,750)	2,492,373
Adjustment concerning previous years	2,596,215	0
	<b>(2,369,535)</b>	<b>(103,842)</b>

**8 Proposed distribution of profit and loss**

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Retained earnings	(6,121,045)	169,171
	<b>(6,121,045)</b>	<b>169,171</b>

**9 Intangible assets**

	<b>Completed development projects DKK</b>	<b>Development projects in progress DKK</b>
Cost beginning of year	22,104,276	16,221,197
Additions	7,430,671	7,979,983
Disposals	0	(7,430,671)
<b>Cost end of year</b>	<b>29,534,947</b>	<b>16,770,509</b>
Amortisation and impairment losses beginning of year	(6,856,419)	0
Amortisation for the year	(6,029,053)	0
<b>Amortisation and impairment losses end of year</b>	<b>(12,885,472)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>16,649,475</b>	<b>16,770,509</b>



## 10 Development projects

The aim of development projects is to further develop the Company's services and to create automatic working procedures. During the financial year, the Company has completed a series of projects. It is expected that the development projects in progress are completed within 1 – 3 years.

## 11 Property, plant and equipment

	<b>Other fixtures and fittings, tools and equipment DKK</b>
Cost beginning of year	4,731,704
<b>Cost end of year</b>	<b>4,731,704</b>
Depreciation and impairment losses beginning of year	(3,487,404)
Depreciation for the year	(576,690)
<b>Depreciation and impairment losses end of year</b>	<b>(4,064,094)</b>
<b>Carrying amount end of year</b>	<b>667,610</b>

## 12 Financial assets

	<b>Investments in group enterprises DKK</b>
Cost beginning of year	249,138
<b>Cost end of year</b>	<b>249,138</b>
Revaluations beginning of year	43,495
<b>Revaluations end of year</b>	<b>43,495</b>
<b>Carrying amount end of year</b>	<b>292,633</b>

<b>Investments in subsidiaries</b>	<b>Registered in</b>	<b>Corporate form</b>	<b>Equity interest %</b>
Easytranslate AB	Sweden	AB	100
EasyTranslate GmbH	Germany	GmbH	100

## 13 Prepayments

Prepayments include prepaid expenses such as insurance.

**14 Deferred tax**

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Intangible assets	7,352,396	6,923,192
Property, plant and equipment	(68,778)	(13,790)
Provisions	(94,051)	(98,310)
Tax losses carried forward	(5,552,312)	(208,087)
<b>Deferred tax</b>	<b>1,637,255</b>	<b>6,603,005</b>

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
<b>Changes during the year</b>		
Beginning of year	6,603,005	4,110,632
Recognised in the income statement	(4,965,750)	2,492,373
<b>End of year</b>	<b>1,637,255</b>	<b>6,603,005</b>

**15 Subordinate loan capital**

The owners have agreed upon providing subordinated loan capital with no instalments until approved by all shareholders.

**16 Non-current liabilities other than provisions**

	<b>Due within 12</b>	<b>Due within 12</b>	<b>Due after</b>
	<b>months</b>	<b>months</b>	<b>more than 12</b>
	<b>2020</b>	<b>2019</b>	<b>months</b>
	<b>DKK</b>	<b>DKK</b>	<b>2020</b>
			<b>DKK</b>
Subordinate loan capital	0	0	3,170,099
Other payables	999,029	1,227,552	6,840,409
	<b>999,029</b>	<b>1,227,552</b>	<b>10,010,508</b>

Debt after 5 years amount to DKK 0.

**17 Other payables**

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
VAT and duties	74,463	1,062,927
Wages and salaries, personal income taxes, social security costs, etc payable	1,468,223	55,613
Holiday pay obligation	500,678	1,258,465
Other costs payable	624,207	0
	<b>2,667,571</b>	<b>2,377,005</b>

**18 Changes in working capital**

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Increase/decrease in receivables	12,673,569	(9,120,511)
Increase/decrease in trade payables etc	(17,656,857)	11,709,225
	<b>(4,983,288)</b>	<b>2,588,714</b>

**19 Unrecognised rental and lease commitments**

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Liabilities under rental or lease agreements until maturity in total	<b>2,125,218</b>	<b>3,069,242</b>

Unrecognised rental and lease commitments consists of the rental commitments regarding the tenancy at Bygmestervej 10, 2400 København NV.

**20 Assets charged and collateral**

A payment guarantee of DKK 455 thousand is secured by way of mortgage on cash deposit with banks of DKK 455 thousand as of 31 December 2020.

Bank debt of DKK 10,000 thousand and loan from Vækstfonden of DKK 7,000 thousand are secured by company charges. The carrying amount of mortgaged assets totals DKK 44,108 thousand as of 31 December 2020.

**21 Transactions with related parties**

In 2020, there have not been any transactions with related parties, that were not based on market terms.

# Accounting policies

## Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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

## Consolidated financial statements

The Company has investments in the subsidiaries, EasyTranslate GmbH and EasyTranslate AB. Referring to section 114 of the Danish Financial Statements Act, no consolidated financial statements have been prepared, as the figures between the consolidated financial statements and the annual report would be immaterial.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Income statement

### Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of sales and external expenses.

### Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

### Other operating income

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

### Cost of sales

Cost of sales comprises services consumed in the financial year measured at cost.

**Other external expenses**

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

**Staff costs**

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

**Depreciation, amortisation and impairment losses**

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

**Income from investments in group enterprises**

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

**Other financial income**

Other financial income comprises interest income, 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, 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.

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

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

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

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

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5-20 years.

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

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

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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

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

Other fixtures and fittings, tools and equipment	3-10 years
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Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### **Investments in group enterprises**

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

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

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

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

### **Receivables**

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

### **Tax payable or receivable**

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

**Prepayments**

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

**Cash**

Cash comprises cash in hand and bank deposits.

**Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

**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.

**Cash flow statement**

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.