



Insurance Business Applications A/S

Rued Langgaards Vej 8
2300 Copenhagen S
CVR No. 33361319

Annual report 2020

The Annual General Meeting adopted the
annual report on 30.06.2021

Peter Bruun Nikolajsen

Chairman of the General Meeting

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Entity details

Entity

Insurance Business Applications A/S

Rued Langgaards Vej 8

2300 Copenhagen S

Business Registration No.: 33361319

Registered office: Copenhagen

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Thomas Weilby Knudsen, Chairman

Kim Wiencken

Anders Engdal

Erik Balck Sørensen

Executive Board

Michael Koehn Milland, Group CEO

Jesper Slot

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Insurance Business Applications 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 consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations 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, 29.06.2021

Executive Board

Michael Koehn Milland
Group CEO

Jesper Slot

Board of Directors

Thomas Weilby Knudsen
Chairman

Kim Wiencken

Anders Engdal

Erik Balck Sørensen

Independent auditor's report

To the shareholders of Insurance Business Applications A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Insurance Business Applications A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent 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, 29.06.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Claus Jorch Andersen

State Authorised Public Accountant
Identification No (MNE) mne33712

Management commentary

Primary activities

IBA develops and markets a modern insurance platform, IBSuite, for international insurance companies. IBSuite is offered to customers as a cloud-based Software as a Service (SAAS) solution, based on a subscription service. IBSuite facilitates our customers to act fully in the insurance industry and comply with local rules and regulations including GDPR. The platform enables our customers to very fast create, launch and adjust insurance products and services in any given market.

IBA has subsidiaries in USA, UK, Spain, Germany, Romania and Japan.

Development in activities and finances

As many companies IBA had a challenging year due to COVID-19. IBA was still able to deliver projects to go live during COVID-19 and IBA sees the effects of COVID-19 as positive in the long run as the customers realize the importance of being on a modern cloud solution. IBA continued growing recurring revenue but new projects were delayed and overall revenue came out slightly below 2019. IBA introduced a cost reduction program in the beginning of the year but has in the second half of the year increased investments in Sales & Marketing and IBSuite insurance platform again as interest from the market picked up.

This year's annual report shows a loss of EUR 2,238K for 2020 which is in line with expectations.

Outlook

The existing shareholders continues to support the company financially to secure the group's continued international growth plans.

IBA expects revenue growth, increase of geographical footprint and continued investment in Sales & Marketing and R&D in 2021.

Events after the balance sheet date

In 2021 the company's equity has been increased with € 5,295K through cash investments and conversion of loans from the existing shareholders. The company's equity is as a result of this positive at the time of signing the annual report. Subsequently the company have converted from a ApS to A/S in 2021.

No further events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2020

	Notes	2020 EUR	2019 EUR
Gross profit/loss		3,407,411	1,372,310
Staff costs	1	(4,375,212)	(5,105,521)
Depreciation, amortisation and impairment losses	2	(960,091)	(840,560)
Operating profit/loss		(1,927,892)	(4,573,771)
Other financial income	3	12,013	112,424
Other financial expenses	4	(576,207)	(775,743)
Profit/loss before tax		(2,492,086)	(5,237,090)
Tax on profit/loss for the year	5	254,239	408,541
Profit/loss for the year		(2,237,847)	(4,828,549)
Proposed distribution of profit and loss			
Retained earnings		(2,237,847)	(4,828,549)
Proposed distribution of profit and loss		(2,237,847)	(4,828,549)

Consolidated balance sheet at 31.12.2020

Assets

	Notes	2020 EUR	2019 EUR
Completed development projects	7	3,180,049	2,982,529
Acquired trademarks		7,823	8,781
Intangible assets	6	3,187,872	2,991,310
Other fixtures and fittings, tools and equipment		25,881	45,095
Leasehold improvements		164,778	65,465
Property, plant and equipment	8	190,659	110,560
Deposits		126,814	108,546
Financial assets	9	126,814	108,546
Fixed assets		3,505,345	3,210,416
Trade receivables		811,264	1,059,089
Contract work in progress		195,163	29,410
Deferred tax	10	266,250	415,603
Other receivables		287,029	278,115
Prepayments		90,423	143,453
Receivables		1,650,129	1,925,670
Cash		1,928,863	831,765
Current assets		3,578,992	2,757,435
Assets		7,084,337	5,967,851

Equity and liabilities

	Notes	2020 EUR	2019 EUR
Contributed capital		43,623	34,204
Reserve for development costs		3,186,468	2,330,690
Retained earnings		(3,501,868)	(4,007,825)
Equity		(271,777)	(1,642,931)
Payables to owners and management		4,454,350	4,057,099
Other payables		1,139,104	803,244
Non-current liabilities other than provisions	11	5,593,454	4,860,343
Current portion of non-current liabilities other than provisions	11	672,736	602,433
Bank loans		0	4,107
Contract work in progress		136,220	86,094
Trade payables		212,787	691,231
Payables to owners and management		78,527	199,681
Tax payable		4,253	20,294
Other payables		658,137	765,551
Deferred income		0	381,048
Current liabilities other than provisions		1,762,660	2,750,439
Liabilities other than provisions		7,356,114	7,610,782
Equity and liabilities		7,084,337	5,967,851
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		
Transactions with related parties	14		
Subsidiaries	15		

Consolidated statement of changes in equity for 2020

	Contributed capital EUR	Share premium EUR	Reserve for development costs EUR	Retained earnings EUR	Total EUR
Equity beginning of year	34,204	0	2,330,690	(4,007,826)	(1,642,932)
Increase of capital	9,419	3,624,053	0	0	3,633,472
Transferred from share premium	0	(3,624,053)	0	3,624,053	0
Exchange rate adjustments	0	0	0	(24,470)	(24,470)
Transfer to reserves	0	0	855,778	(855,778)	0
Profit/loss for the year	0	0	0	(2,237,847)	(2,237,847)
Equity end of year	43,623	0	3,186,468	(3,501,868)	(271,777)

Notes to consolidated financial statements

1 Staff costs

	2020 EUR	2019 EUR
Wages and salaries	4,544,117	5,229,583
Pension costs	271,054	336,520
Other social security costs	56,238	28,473
Other staff costs	41,507	82,554
	4,912,916	5,677,130
Staff costs classified as assets	(537,704)	(571,609)
	4,375,212	5,105,521
Average number of full-time employees	59	64

2 Depreciation, amortisation and impairment losses

	2020 EUR	2019 EUR
Amortisation of intangible assets	910,533	809,910
Depreciation on property, plant and equipment	49,558	30,650
	960,091	840,560

3 Other financial income

	2020 EUR	2019 EUR
Exchange rate adjustments	12,013	112,424
	12,013	112,424

4 Other financial expenses

	2020 EUR	2019 EUR
Other interest expenses	456,549	612,617
Exchange rate adjustments	96,429	139,871
Other financial expenses	23,229	23,255
	576,207	775,743

5 Tax on profit/loss for the year

	2020 EUR	2019 EUR
Current tax	11,469	30,952
Change in deferred tax	(265,708)	(417,434)
Adjustment concerning previous years	0	(22,059)
	(254,239)	(408,541)

6 Intangible assets

	Completed development projects EUR	Acquired trademarks EUR
Cost beginning of year	6,592,015	9,903
Exchange rate adjustments	20,920	41
Additions	1,094,868	0
Cost end of year	7,707,803	9,944
Amortisation and impairment losses beginning of year	(3,609,486)	(1,122)
Exchange rate adjustments	(8,729)	(5)
Amortisation for the year	(909,539)	(994)
Amortisation and impairment losses end of year	(4,527,754)	(2,121)
Carrying amount end of year	3,180,049	7,823

7 Development projects

The recognized "Completed development projects" relate to the development of the company's SaaS platform, IBsuite. The SaaS platform is further developed on an ongoing basis, which is why there will be ongoing addition to the development project. The company's core services, are delivered through the platform.

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment EUR	Leasehold improvements EUR
Cost beginning of year	154,282	86,972
Exchange rate adjustments	630	(1,535)
Additions	564	130,065
Cost end of year	155,476	215,502
Depreciation and impairment losses beginning of year	(109,187)	(21,507)
Exchange rate adjustments	(446)	379
Depreciation for the year	(19,962)	(29,596)
Depreciation and impairment losses end of year	(129,595)	(50,724)
Carrying amount end of year	25,881	164,778

9 Financial assets

	Deposits EUR
Cost beginning of year	108,546
Exchange rate adjustments	(1,418)
Additions	40,875
Disposals	(21,189)
Cost end of year	126,814
Carrying amount end of year	126,814

10 Deferred tax

Deferred tax consists of tax credit. The tax credit is expected to be paid in November 2021.

11 Non-current liabilities other than provisions

	Due within 12 months 2020 EUR	Due within 12 months 2019 EUR	Due after more than 12 months 2020 EUR	Outstanding after 5 years 2020 EUR
Payables to owners and management	370,288	0	4,454,350	1,840,350
Other payables	302,448	602,433	1,139,104	0
	672,736	602,433	5,593,454	1,840,350

Payables to owners and management consist of long term debt to Vækstfonden.
The short-term amount of 78k EUR consist of accrued interest for the loans.

12 Unrecognised rental and lease commitments

	2020	2019
	EUR	EUR
Total liabilities under rental or lease agreements until maturity	648,568	175,281

13 Contingent liabilities

	2020	2019
	EUR	EUR
Recourse and non-recourse guarantee commitments	40,326	40,162
Contingent liabilities	40,326	40,162

Shareholder loan are secured by way of a company charge of EUR 3,012 thousand nominal provided by the Company. The company charges include the below assets with the following carrying amounts at the balance sheet date.

The loans contain a bonus scheme in the events of an exit, the management has deemed it as unlikely that this will be executed, and have consequently not accrued for this.

Completed development projects 3,180 DKK '000

Acquired trademarks 8 DKK '000

Other fixtures and fittings, tools and equipment 26 DKK '000

Trade receivables 811 DKK '000

14 Transactions with related parties

The annual report only discloses related party transactions that have not been completed on a normal basis market conditions. No such transactions have been completed during the financial year.

15 Subsidiaries

	Registered in	Corporate form	Ownership %
IB Applications Limited	England	LTD	100,0
Insurance Business Applications SRL	Romania	SRL	100,0
Insurance Business Aplicaciona SL	Spain	SL	100,0
IB Applications INC	USA	INC	100,0
IB Applications GmbH	Germany	GmbH	100,0
IB Applications KK	Japan	KK	100,0

Parent income statement for 2020

	Notes	2020 EUR	2019 EUR
Gross profit/loss		1,184,533	(1,110,912)
Staff costs	1	(2,324,936)	(2,710,446)
Depreciation, amortisation and impairment losses	2	(928,601)	(824,696)
Operating profit/loss		(2,069,004)	(4,646,054)
Income from investments in group enterprises		42,266	111,332
Other financial income	3	27,622	35,830
Other financial expenses	4	(504,439)	(767,527)
Profit/loss before tax		(2,503,555)	(5,266,419)
Tax on profit/loss for the year	5	265,708	437,870
Profit/loss for the year		(2,237,847)	(4,828,549)
Proposed distribution of profit and loss			
Retained earnings		(2,237,847)	(4,828,549)
Proposed distribution of profit and loss		(2,237,847)	(4,828,549)

Parent balance sheet at 31.12.2020

Assets

	Notes	2020 EUR	2019 EUR
Completed development projects	7	3,199,461	2,982,534
Acquired trademarks		7,823	8,781
Intangible assets	6	3,207,284	2,991,315
Other fixtures and fittings, tools and equipment		25,881	45,095
Property, plant and equipment	8	25,881	45,095
Investments in group enterprises		277,425	227,313
Deposits		77,370	36,346
Financial assets	9	354,795	263,659
Fixed assets		3,587,960	3,300,069
Trade receivables		664,081	752,328
Receivables from group enterprises		1,252,379	566,065
Deferred tax	10	266,250	415,604
Other receivables		229,170	210,936
Prepayments		76,405	135,853
Receivables		2,488,285	2,080,786
Cash		935,404	411,428
Current assets		3,423,689	2,492,214
Assets		7,011,649	5,792,283

Equity and liabilities

	Notes	2020 EUR	2019 EUR
Contributed capital		43,623	34,204
Reserve for net revaluation according to the equity method		243,285	193,312
Reserve for development costs		3,186,468	2,330,690
Retained earnings		(3,745,153)	(4,201,138)
Equity		(271,777)	(1,642,932)
Payables to owners and management		4,454,350	4,057,104
Other payables		1,139,104	802,925
Non-current liabilities other than provisions	11	5,593,454	4,860,029
Current portion of non-current liabilities other than provisions	11	672,736	602,434
Bank loans		0	4,107
Contract work in progress		136,220	86,094
Trade payables		170,968	490,836
Payables to group enterprises		40,053	214,228
Payables to owners and management		78,527	199,682
Other payables		591,468	674,118
Deferred income		0	303,687
Current liabilities other than provisions		1,689,972	2,575,186
Liabilities other than provisions		7,283,426	7,435,215
Equity and liabilities		7,011,649	5,792,283
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		
Transactions with related parties	14		

Parent statement of changes in equity for 2020

	Contributed capital EUR	Share premium EUR	Reserve for net revaluation according to the equity method EUR	Reserve for development costs EUR	Retained earnings EUR
Equity beginning of year	34,204	0	193,312	2,330,690	(4,201,138)
Increase of capital	9,419	3,624,053	0	0	0
Transferred from share premium	0	(3,624,053)	0	0	3,624,053
Exchange rate adjustments	0	0	(12,961)	0	(11,509)
Transfer to reserves	0	0	62,934	855,778	(918,712)
Profit/loss for the year	0	0	0	0	(2,237,847)
Equity end of year	43,623	0	243,285	3,186,468	(3,745,153)

	Total EUR
Equity beginning of year	(1,642,932)
Increase of capital	3,633,472
Transferred from share premium	0
Exchange rate adjustments	(24,470)
Transfer to reserves	0
Profit/loss for the year	(2,237,847)
Equity end of year	(271,777)

In 2021 the company's equity has been increased with € 5,295K through cash investments and conversion of loans from the existing shareholders. The contributed capital has as a result been increased to 54.794 EUR.

The company has established a warrant program for its employees. Total committed and planned warrants constitute nominal shares of 48.047, of which 24.984 have been allocated. The warrants allow employees the option to purchase shares at a fixed price. The vesting period is within 48 months and the board of directors

Notes to parent financial statements

1 Staff costs

	2020 EUR	2019 EUR
Wages and salaries	2,537,549	2,838,885
Pension costs	271,054	336,520
Other social security costs	14,620	28,286
Other staff costs	39,417	78,364
	2,862,640	3,282,055
Staff costs classified as assets	(537,704)	(571,609)
	2,324,936	2,710,446
Average number of full-time employees	25	27

2 Depreciation, amortisation and impairment losses

	2020 EUR	2019 EUR
Amortisation of intangible assets	908,679	810,315
Depreciation on property, plant and equipment	19,922	14,381
	928,601	824,696

3 Other financial income

	2020 EUR	2019 EUR
Financial income from group enterprises	22,411	15,438
Exchange rate adjustments	5,211	20,392
	27,622	35,830

4 Other financial expenses

	2020 EUR	2019 EUR
Financial expenses from group enterprises	0	7,373
Other interest expenses	456,083	612,616
Exchange rate adjustments	28,935	128,556
Other financial expenses	19,421	18,982
	504,439	767,527

5 Tax on profit/loss for the year

	2020 EUR	2019 EUR
Change in deferred tax	(265,708)	(415,811)
Adjustment concerning previous years	0	(22,059)
	(265,708)	(437,870)

6 Intangible assets

	Completed development projects EUR	Acquired trademarks EUR
Cost beginning of year	6,586,025	9,903
Exchange rate adjustments	26,910	41
Additions	1,114,280	0
Cost end of year	7,727,215	9,944
Amortisation and impairment losses beginning of year	(3,603,491)	(1,122)
Exchange rate adjustments	(16,578)	(5)
Amortisation for the year	(907,685)	(994)
Amortisation and impairment losses end of year	(4,527,754)	(2,121)
Carrying amount end of year	3,199,461	7,823

7 Development projects

The recognized "Completed development projects" relate to the development of the company's SaaS platform, IBsuite. The SaaS platform is further developed on an ongoing basis, which is why there will be ongoing addition to the development project. The company's core services, are delivered through the platform.

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment EUR
Cost beginning of year	154,282
Exchange rate adjustments	630
Additions	564
Cost end of year	155,476
Depreciation and impairment losses beginning of year	(109,087)
Exchange rate adjustments	(586)
Depreciation for the year	(19,922)
Depreciation and impairment losses end of year	(129,595)
Carrying amount end of year	25,881

9 Financial assets

	Investments in group enterprises EUR	Deposits EUR
Cost beginning of year	34,001	36,346
Exchange rate adjustments	139	149
Additions	0	40,875
Cost end of year	34,140	77,370
Revaluations beginning of year	193,312	0
Exchange rate adjustments	(13,641)	0
Share of profit/loss for the year	61,764	0
Adjustment of intra-group profits	(19,412)	0
Investments with negative equity value depreciated over receivables	20,582	0
Other adjustments	680	0
Revaluations end of year	243,285	0
Carrying amount end of year	277,425	77,370

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

10 Deferred tax

Deferred tax consists of tax credit. The tax credit is expected to be paid in November 2021.

11 Non-current liabilities other than provisions

	Due within 12 months 2020 EUR	Due within 12 months 2019 EUR	Due after more than 12 months 2020 EUR	Outstanding after 5 years 2020 EUR
Payables to owners and management	370,288	0	4,454,350	1,840,350
Other payables	302,448	602,434	1,139,104	0
	672,736	602,434	5,593,454	1,840,350

Payables to owners and management consist of long term debt to Vækstfonden.
The shortterm amount of 78k EUR consist of accrued interest for the loans

12 Unrecognised rental and lease commitments

	2020 EUR	2019 EUR
Total liabilities under rental or lease agreements until maturity	173,992	142,158

13 Contingent liabilities

	2020 EUR	2019 EUR
Recourse and non-recourse guarantee commitments	40,326	40,162
Contingent liabilities	40,326	40,162

Shareholder loan are secured by way of a company charge of EUR 3,012 thousand nominal provided by the Company. The company charges include the below assets with the following carrying amounts at the balance sheet date.

The loans contain a bonus scheme in the events of an exit, the management has deemed it as unlikely that this will be executed, and have consequently not accrued for this.

Completed development projects 3,199 DKK '000

Acquired trademarks 8 DKK '000

Other fixtures and fittings, tools and equipment 26 DKK '000

Trade receivables 664 DKK '000

14 Transactions with related parties

The annual report only discloses related party transactions that have not been completed on a normal basis market conditions. No such transactions have been completed during the financial year.

Accounting policies

Reporting class

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

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

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue 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.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

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 assistance from external consultants.

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 wages and salaries, 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 dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

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 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

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. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the manufacturing process are recognised in cost based on time spent on each asset.

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	5 years
Leasehold improvements	5 years

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

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements 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.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a contract in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

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.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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

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.

Deferred income

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