iMotions A/S

Kristen Bernikows Gade 6, 4,, 1105 København K

Company reg. no. 33 50 40 04

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 17 April 2024.

Peter Hartzbech
Chairman of the meeting

Contents

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of iMotions A/S for the financial year 1 January - 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 17 April 2024

Managing Director

Peter Hartzbech

Board of directors

Martin Krantz Chairman	Mats Benjaminsson	Peter Hartzbech

Independent auditor's report

To the Shareholder of iMotions A/S

Opinion

We have audited the financial statements of iMotions A/S for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the 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.

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 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 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 judgment and maintain professional skepticism throughout the audit. We also:

Independent auditor's report

- 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.

Statement on 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.

Independent auditor's report

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 Statement Act. We did not identify any material misstatement of Management's Review.

Hillerød, 17 April 2024

Grant Thornton
Certified Public Accountants
Company reg. no. 34 20 99 36

Maibritt Nygaard
State Authorised Public Accountant
mne42813

Company information

The company	iMotions A/S Kristen Bernikows Gade 6, 4, 1105 København K	
	Company reg. no.	33 50 40 04
	Established:	23 February 2011
	Domicile:	Copenhagen
	Financial year:	1 January - 31 December
Board of directors	Martin Krantz, Chairman Mats Benjaminsson Peter Hartzbech	
Managing Director	Peter Hartzbech	
Auditors	Grant Thornton, Godkendt Revisionspartnerselskab Nordstensvej 11 3400 Hillerød	
Parent company	Smart Eye Aktiebolag (Publ), Sweden	
Subsidiaries	Imotions Inc, USA Imotions PTE Ltd., Singapore	

Management´s review

Description of key activities of the company

Like previous years, the principal activities are development and sale of systems for conducting studies with biometric sensors such as eye trackers, GSR meters, EEG headsets and facial analysis algorithms

Uncertainties connected with recognition or measurement

As mentioned in the annual reports note 1, the company has capitalized development projects. The company develop systems for conducting studies with biometric sensors such as eye trackers, GSR meters, EEG headsets and facial analysis algorithms.

Development projects are recognized in accordance with salaries incurred, as well as indirect costs that contribute to the development of parts of the solution.

The value of a development project will naturally always be associated with uncertainty, but it is management's assessment that the revenue that the company will realize from the sale of this solution in the coming financial years can cover the costs of completing the solutions, and the total depreciation of the capitalized development costs.

Development in activities and financial matters

The gross profit for the year totals t.DKK 38.678 against t.DKK 26.488 last year. Income or loss from ordinary activities after tax totals t.DKK 1.115 against t.DKK -10.259 last year. Management considers the net profit or loss for the year satisfactory under the circumstances.

Treasury shares

The enterprise’s holding of treasury shares is 63.488 shares at DKK 1 each, corresponding to 8,2% of the contributed capital. There have been no changes in 2023.

Expected developments

The company expects to generate positive results in 2024.

Events occurring after the end of the financial year

There have been no events after the end of the financial year that could significantly affect the company's financial position.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2023	2022
	Gross profit	**38.677.997**	**26.488.249**
2	Staff costs	-33.631.570	-36.004.413
	Depreciation and impairment of non-current assets	-3.503.103	-4.823.603
	Operating profit	**1.543.324**	**-14.339.767**
	Other financial income	251.539	932.005
	Other financial expenses	-539.811	-564.118
	Pre-tax net profit or loss	**1.255.052**	**-13.971.880**
	Tax on net profit or loss for the year	-140.347	3.712.679
	Net profit or loss for the year	**1.114.705**	**-10.259.201**
	Proposed distribution of net profit:		
	Transferred to retained earnings	1.114.705	0
	Allocated from retained earnings	0	-10.259.201
	Total allocations and transfers	**1.114.705**	**-10.259.201**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2023	2022
	Non-current assets		
3	Completed development projects, including patents and similar rights arising from development projects	28.864.149	16.717.473
4	Development projects in progress and prepayments for intangible assets	6.021.148	12.209.127
	Total intangible assets	34.885.297	28.926.600
5	Other fixtures, fittings, tools and equipment	413.516	475.225
	Total property, plant, and equipment	413.516	475.225
6	Investment in group enterprise	1.240.307	1.240.307
7	Deposits	477.367	477.367
	Total investments	1.717.674	1.717.674
	Total non-current assets	**37.016.487**	**31.119.499**
	Current assets		
	Trade receivables	9.565.120	6.115.027
	Receivables from group enterprises	1.031.751	2.790.714
	Income tax receivables	552.831	941.004
	Other receivables	170.604	51.105
	Prepayments	482.500	483.013
	Total receivables	11.802.806	10.380.863
	Cash and cash equivalents	3.633.037	1.352.321
	Total current assets	**15.435.843**	**11.733.184**
	Total assets	**52.452.330**	**42.852.683**

Balance sheet at 31 December

All amounts in DKK.

Note	**Equity and liabilities**	2023	2022
	Equity		
8	Contributed capital	774.445	774.445
9	Reserve for development costs	27.210.531	22.562.748
	Retained earnings	-13.044.246	-13.511.168
	Total equity	**14.940.730**	**9.826.025**
	Provisions		
	Provisions for deferred tax	1.179.062	491.884
	Other provisions	496.844	1.287.397
	Total provisions	**1.675.906**	**1.779.281**
	Liabilities other than provisions		
	Other payables	639.714	1.162.962
10	Total long term liabilities other than provisions	639.714	1.162.962
10	Current portion of long term liabilities	672.000	672.000
	Bank loans	123	123
	Prepayments received from customers	14.976.932	9.207.170
	Trade payables	2.945.575	2.708.783
	Payables to group enterprises	4.551.145	8.096.000
	Other payables	9.049.455	5.717.172
	Deferred income	3.000.750	3.683.167
	Total short term liabilities other than provisions	35.195.980	30.084.415
	Total liabilities other than provisions	**35.835.694**	**31.247.377**
	Total equity and liabilities	**52.452.330**	**42.852.683**

1 Uncertainties concerning recognition and measurement

11 Related parties

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity 1 January 2022	774.445	18.765.278	545.503	20.085.226
Retained earnings for the year	0	0	-10.259.201	-10.259.201
Transferred from retained earnings	0	3.797.470	0	3.797.470
Adjustment 1	0	0	-3.797.470	-3.797.470
Equity 1 January 2023	774.445	22.562.748	-13.511.168	9.826.025
Retained earnings for the year	0	0	1.114.705	1.114.705
Transferred from retained earnings	0	4.647.783	-4.647.783	0
Group contribution	0	0	4.000.000	4.000.000
	774.445	**27.210.531**	**-13.044.246**	**14.940.730**

Notes

All amounts in DKK.

1. Uncertainties concerning recognition and measurement

The company has activated development projects. The company develop systems for conducting studies with biometric sensors such as eye trackers, GSR meters, EEG headsets and facial analysis algorithms

Development projects are recognized in accordance with salaries incurred, as well as indirect costs that contribute to the development of parts for the solutions.

The value of a development project will naturally always be associated with uncertainty, but it is the management's assessment that the revenue that the company will realize from the sale of this solution in the coming financial years can cover the costs of completing the solutions, and the total depreciation of the capitalized development costs.

	2023	2022
2. Staff costs		
Salaries and wages	32.018.213	34.320.333
Pension costs	1.169.363	1.223.049
Other costs for social security	443.994	461.031
	33.631.570	**36.004.413**
Average number of employees	36	43

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
3.	**Completed development projects, including patents and similar rights arising from development projects**		
	Cost opening balance	38.342.234	31.967.206
	Additions during the year	8.649.363	6.375.029
	Transfers	7.630.705	0
	Cost end of period	**54.622.302**	**38.342.235**
	Amortisation and write-down opening balance	-21.624.762	-15.868.262
	Amortisation and depreciation for the year	-4.133.391	-5.756.500
	Amortisation and write-down end of period	**-25.758.153**	**-21.624.762**
	Carrying amount, end of period	**28.864.149**	**16.717.473**

Completed development projects comprise the development and test af specific products and solutions. The products and solutions was completed and put into market, and it is depreciated over a period of 10 years.

4.	**Development projects in progress and prepayments for intangible assets**		
	Cost opening balance	12.209.127	7.959.106
	Additions during the year	1.442.726	4.250.021
	Transfers	-7.630.705	0
	Cost end of period	**6.021.148**	**12.209.127**
	Carrying amount, end of period	**6.021.148**	**12.209.127**

The Company has during the year developed on specific products and solutions. The projects are progressing as planned and are expected to finalized in future years. The developments are focused om commercial use and expected to be economic profitable when put to marked.

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
5.	**Other fixtures, fittings, tools and equipment**		
	Cost opening balance	2.088.472	1.735.632
	Additions during the year	135.414	352.840
	Cost end of period	**2.223.886**	**2.088.472**
	Depreciation and write-down opening balance	-1.613.247	-1.376.070
	Amortisation and depreciation for the year	-197.123	-237.177
	Depreciation and write-down end of period	**-1.810.370**	**-1.613.247**
	Carrying amount, end of period	**413.516**	**475.225**
6.	**Investment in group enterprise**		
	Cost opening balance	1.240.307	1.240.307
	Carrying amount, end of period	**1.240.307**	**1.240.307**

Financial highlights for the enterprise according to the latest approved annual report

	Equity interest	**Equity DKK**	**Results for the year DKK**	**Carrying amount, iMotions A/S DKK**
Imotions Inc, USA	100 %	-1.422.896	-1.538.378	994.417
Imotions PTE Ltd., Singapore	100 %	-1.777.799	254.379	245.890
		-3.200.695	**-1.283.999**	**1.240.307**

		31/12 2023	31/12 2022
7.	**Deposits**		
	Cost opening balance	477.367	477.367
	Cost end of period	**477.367**	**477.367**
	Carrying amount, end of period	**477.367**	**477.367**

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
8.	**Contributed capital**		
	Contributed capital opening balance	774.445	774.445
		774.445	**774.445**

The share capital consists of 774.445 shares a 1 DKK and multiples thereof. The capital is divided into classes.

Class A shares by DKK 625.000
Class B shares by DKK 44.801
Class C shares by DKK 16.985
Class D shares by DKK 1.043
Class E shares by DKK 86.616

Treasury shares represent DKK 63.488 corresponding to 8,20% of equity. Purchase of treasury shares is based on management decision.

		31/12 2023	31/12 2022
9.	**Reserve for development costs**		
	Reserve for development costs opening balance	22.562.748	18.765.278
	Transferred from retained earnings	4.647.783	3.797.470
		27.210.531	**22.562.748**

10. Long term labilities other than provisions

	Total payables 31 Dec 2023	Current portion of long term payables	Long term payables 31 Dec 2023	Outstanding payables after 5 years
Other payables	1.311.714	672.000	639.714	0
	1.311.714	**672.000**	**639.714**	**0**

11. Related parties

Consolidated financial statements

The company is included in the consolidated financial statements of Smart Eye Aktiebolag, Första Långgatan 28 B, Gothenburg, Sweden

Accounting policies

The annual report for iMotions A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Accounting policies

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve in the Consolidated Financial Statement. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or write-down for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

The enterprise will be applying IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue comprises the value of services provided during the year, including outlay for customers less VAT and price concessions directly associated with the sale.

Revenue is recognised in the income statement on the completion of sales. This is generally considered to be the case when:

- The service has been provided before the end of the financial year
- A binding sales agreement exists
- The sales price has been determined
- Payment has been received, or is anticipated with a reasonable degree of certainty.

This ensures that recognition does not take place until the total income and costs and stage of completion at the reporting date can be reliably validated and it seems probable that the economic benefits, including payments, will flow to the enterprise.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Accounting policies

Own work capitalised

Own work capitalised includes staff cost and other internal costs incurred during the financial year and recognised in the cost of proprietary intangible and tangible fixed assets.

Government grants

Grants for investing in/purchasing assets

Grants are recognised in the statement of financial position under prepayments and accrued income (equity and liabilities) and transferred to government grants in the income statement in tandem with the amortisation of the grant-related assets.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Share-based payment and incentive programmes

The company has set up incentive programmes intended to motivate and retain directors and management employees. Furthermore, the implemented incentive programmes are designed to ensure a coincidence of employee and shareholder interests.

Share-based incentive programmes where employees can solely opt to buy shares in the parent company (equity-settled share-based payment transactions) are measured at the fair value of the equity instruments at the time of granting. Fair value at the time of granting is calculated on the basis of the Black-Scholes model.

The programmes are recognised in the income statement under staff costs under the respective functions, allocated over the vesting period. The corresponding counter entry is recognised as eighter a liability or a provision.

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation, amortisation, and write-down for the year and profit and loss on the disposal of intangible and tangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investment in group enterprise

Dividend from investment in group enterprise is recognised in the financial year in which the dividend is declared.

Accounting policies

If the dividend received exceeds the proportionate share of the year's result, this is considered an indication of impairment, which entails a requirement to prepare an impairment test.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement under amortisation and write-down for impairment.

Cryptocurrencies

Acquired intangible assets comprising cryptocurrencies are measured at cost less accumulated amortisations.

Since it is impossible to reliably estimate future impairment of cryptocurrencies and to determine a useful life, residual values are determined as equalling cost and no similarly acquired rights are therefore amortised.

Cryptocurrencies are written down for impairment to a lower recoverable amount. This means that if the price (fair value) drops to below cost, they must be written down for impairment to a lower value in the income statement.

If the price (fair value) subsequently rises, write-down for impairment must be wholly or partly reversed in the income statement.

Gains of losses on sale of cryptocurrencies (the difference between selling price and carrying amount) is recognised in the income statement, normally under other operating income and other operating charges, respectively.

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 10 years.

Accounting policies

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement under depreciation.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Accounting policies

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investment in group enterprise are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist.

Investments

Investments in group enterprise

Investments in group enterprise is recognised and measured at cost. If the recoverable amount is lower than the cost price, it shall be written down for impairment to this lower value.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Provisions

Provisions comprise expected costs of incentive programmes. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.

"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

MATS BENJAMINSSON
Bestyrelsesmedlem
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IP: 188.126.xxx.xxx
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