
Manyone Denmark ApS

Sundkaj 153 2. tv, DK-2150 Nordhavn

Annual Report for 2023

CVR No. 33 95 24 73

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 21/6 2024

Søren Lehmann
Poulsen
Chairman of the
general meeting



Contents

| | <u>Page</u> |
|--|-------------|
| Management's Statement and Auditor's Report | |
| Management's Statement | 1 |
| Independent Auditor's Report | 2 |
| Management's Review | |
| Company information | 4 |
| Financial Highlights | 5 |
| Management's Review | 6 |
| Financial Statements | |
| Income Statement 1 January - 31 December | 7 |
| Balance sheet 31 December | 8 |
| Statement of changes in equity | 10 |
| Notes to the Financial Statements | 11 |

Management's statement

The Executive Board has today considered and adopted the Annual Report of Manyone Denmark ApS for the financial year 1 January - 31 December 2023.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Nordhavn, 21 June 2024

Executive Board

Mads Riisager Gustafsen
Director

Jorge Hernández Fernández
Director

Lasse Jensby Dahl
Director

Independent Auditor's report

To the shareholder of Manyone Denmark ApS

Opinion

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.

We have audited the Financial Statements of Manyone Denmark ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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.

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.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

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.

Independent Auditor's report

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 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.

Hellerup, 21 June 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Flemming Eghoff
State Authorised Public Accountant
mne30221

Martin Birch
State Authorised Public Accountant
mne42825

Company information

The Company

Manyone Denmark ApS
Sundkaj 153 2. tv
2150 Nordhavn

CVR No: 33 95 24 73

Financial period: 1 January - 31 December

Incorporated: 19 September 2011

Financial year: 12th financial year

Municipality of reg. office: Copenhagen

Executive Board

Mads Riisager Gustafsen
Jorge Hernández Fernández
Lasse Jensby Dahl

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a 3-year period, the development of the Company is described by the following financial highlights:

| | 2023 | 2022 | 2021 |
|--|--------|--------|--------|
| | TDKK | TDKK | TDKK |
| Key figures | | | |
| Profit/loss | | | |
| Gross profit | 87,640 | 81,864 | 59,248 |
| Profit/loss of primary operations | 15,279 | 6,841 | 14,074 |
| Profit/loss of financial income and expenses | 1,386 | -40 | 1,227 |
| Net profit/loss for the year | 12,690 | 5,197 | 11,896 |
| Balance sheet | | | |
| Balance sheet total | 85,810 | 56,676 | 50,290 |
| Investment in property, plant and equipment | 69 | 1,202 | 631 |
| Equity | 42,970 | 30,280 | 23,183 |
| Number of employees | 119 | 122 | 71 |
| Ratios | | | |
| Return on assets | 17.8% | 12.1% | 28.0% |
| Solvency ratio | 50.1% | 53.4% | 46.1% |
| Return on equity | 34.6% | 19.4% | 58.2% |

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, refer to the accounting policies.

From 2022, the Company has changed reporting class and therefore financial highlights for three years has been prepared.

Management's review

Key activities

The company's key activity is consulting and development within digital strategy, creativity, design and user experience disciplines.

Development in the year

The income statement of the Company for 2023 shows a profit of DKK 12,690,141, higher than expected, largely driven by development activities. On 31 December 2023 the balance sheet of the Company shows positive equity of DKK 42,969,806.

Special risks - operating risks and financial risks

Foreign exchange risks

Manynone ApS has international clients and is therefore exposed to fluctuations in currency rates. Management continuously assesses this risk and decides on mitigating actions if necessary.

Targets and expectations for the year ahead

Manynone ApS will continue to grow in the Danish market and continue to offer the best solutions to clients. We expect to see positive development and a profit between DKK 15-20m in FY 2024.

External environment

Manynone will compensate for CO2 to account for total 2023 emissions. Offsetting will happen through the purchase of carbon credits from a nature-based removal project (ex-post reforestation) in Uruguay.

Intellectual capital resources

The most important knowledge resources are related to competencies within digital and industrial design with teams made up of Anthropologist, Researchers, user experience (UX) Designers, Digital Strategists, Creative Technologists and Product Designers.

Uncertainty relating to recognition and measurement

The Annual Report has been subject to uncertainty regarding recognition and measurement in the Annual Report. Reference is made to note 1.

Unusual events

The financial position at 31 December 2023 of the Company and the results of the activities and cash flows of the Company for the financial year for 2023 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

| | Note | 2023 | 2022 |
|---|------|-------------------|-------------------|
| | | DKK | DKK |
| Gross profit | | 87,639,747 | 81,863,857 |
| Staff expenses | 2 | -71,371,404 | -73,741,185 |
| Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment | | -989,761 | -1,281,622 |
| Profit/loss before financial income and expenses | | 15,278,582 | 6,841,050 |
| Financial income | 3 | 2,477,277 | 625,529 |
| Financial expenses | 4 | -1,091,083 | -665,608 |
| Profit/loss before tax | | 16,664,776 | 6,800,971 |
| Tax on profit/loss for the year | 5 | -3,974,635 | -1,604,212 |
| Net profit/loss for the year | 6 | 12,690,141 | 5,196,759 |

Balance sheet 31 December

Assets

| | Note | 2023 | 2022 |
|--|------|-------------------|-------------------|
| | | DKK | DKK |
| Completed development projects | | 11,768,669 | 0 |
| Development projects in progress | | 0 | 0 |
| Intangible assets | 7 | 11,768,669 | 0 |
| Other fixtures and fittings, tools and equipment | | 224,099 | 553,129 |
| Leasehold improvements | | 643,036 | 984,662 |
| Property, plant and equipment | 8 | 867,135 | 1,537,791 |
| Deposits | 9 | 1,950,010 | 2,070,503 |
| Fixed asset investments | | 1,950,010 | 2,070,503 |
| Fixed assets | | 14,585,814 | 3,608,294 |
| Trade receivables | | 6,667,983 | 9,389,028 |
| Contract work in progress | 10 | 588,798 | 1,133,663 |
| Receivables from group enterprises | | 59,680,503 | 40,407,916 |
| Other receivables | | 208,550 | 39,528 |
| Deferred tax asset | 12 | 0 | 99,491 |
| Prepayments | 11 | 1,586,177 | 1,394,141 |
| Receivables | | 68,732,011 | 52,463,767 |
| Cash at bank and in hand | | 2,492,369 | 603,750 |
| Current assets | | 71,224,380 | 53,067,517 |
| Assets | | 85,810,194 | 56,675,811 |

Balance sheet 31 December

Liabilities and equity

| | Note | 2023 | 2022 |
|--|------|-------------------|-------------------|
| | | DKK | DKK |
| Share capital | | 80,003 | 80,003 |
| Reserve for development costs | | 9,179,562 | 0 |
| Retained earnings | | 33,710,241 | 30,199,662 |
| Equity | | 42,969,806 | 30,279,665 |
| | | | |
| Provision for deferred tax | 12 | 2,464,151 | 0 |
| Provisions | | 2,464,151 | 0 |
| | | | |
| Other payables | | 2,502,951 | 4,438,731 |
| Long-term debt | 13 | 2,502,951 | 4,438,731 |
| | | | |
| Credit institutions | | 10,218,117 | 6,864,740 |
| Trade payables | | 1,030,920 | 716,538 |
| Contract work in progress | 10 | 1,467,306 | 1,087,572 |
| Payables to group enterprises | | 14,107,018 | 385,059 |
| Payables to owners and Management | | 0 | 283 |
| Payables to group enterprises relating to corporation tax | | 1,220,890 | 1,740,442 |
| Other payables | 13 | 9,829,035 | 11,162,781 |
| Short-term debt | | 37,873,286 | 21,957,415 |
| | | | |
| Debt | | 40,376,237 | 26,396,146 |
| | | | |
| Liabilities and equity | | 85,810,194 | 56,675,811 |
| | | | |
| Uncertainty relating to recognition and measurement | 1 | | |
| Contingent assets, liabilities and other financial obligations | 14 | | |
| Related parties | 15 | | |
| Subsequent events | 16 | | |
| Accounting Policies | 17 | | |

Statement of changes in equity

| | Share capital | Reserve for development costs | Retained earnings | Total |
|---|---------------|-------------------------------------|----------------------|-------------------|
| | DKK | DKK | DKK | DKK |
| Equity at 1 January | 80,003 | 0 | 30,199,662 | 30,279,665 |
| Development costs for the year | 0 | 9,374,562 | -9,374,562 | 0 |
| Depreciation, amortisation and impairment for the year | 0 | -195,000 | 195,000 | 0 |
| Net profit/loss for the year | 0 | 0 | 12,690,141 | 12,690,141 |
| Equity at 31 December | 80,003 | 9,179,562 | 33,710,241 | 42,969,806 |

Notes to the Financial Statements

1. Uncertainty relating to recognition and measurement

In general, management makes judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Management continuously reassesses these estimates and judgments based on several factors under the given circumstances.

The value of all recognised development projects are in the financial statements amortised over their useful lives. Every year, the management evaluates an impairment assessment to make sure the total value of the is fair. The estimated value is based on management estimates and assumptions and by nature subject to uncertainty.

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| | DKK | DKK |
| 2. Staff Expenses | | |
| Wages and salaries | 66,849,957 | 69,316,666 |
| Pensions | 3,710,070 | 3,690,801 |
| Other social security expenses | 811,377 | 733,718 |
| | <u>71,371,404</u> | <u>73,741,185</u> |
| | | |
| Including remuneration to the Executive Board: | | |
| Executive board | 4,272,045 | 4,770,102 |
| | <u>4,272,045</u> | <u>4,770,102</u> |
| | | |
| Average number of employees | <u>119</u> | <u>122</u> |
| | | |
| | <u>2023</u> | <u>2022</u> |
| | DKK | DKK |
| 3. Financial income | | |
| Interest received from group enterprises | 2,465,286 | 619,997 |
| Exchange gains | 11,991 | 5,532 |
| | <u>2,477,277</u> | <u>625,529</u> |

Notes to the Financial Statements

| | <u>2023</u> | <u>2022</u> |
|---|--------------------------|-------------------------|
| | DKK | DKK |
| 4. Financial expenses | | |
| Other financial expenses | 999,398 | 637,078 |
| Exchange loss | 91,685 | 28,530 |
| | <u>1,091,083</u> | <u>665,608</u> |
| | | |
| | <u>2023</u> | <u>2022</u> |
| | DKK | DKK |
| 5. Income tax expense | | |
| Current tax for the year | 1,220,890 | 1,740,442 |
| Deferred tax for the year | 2,563,642 | -136,242 |
| Adjustment of tax concerning previous years | 190,103 | 12 |
| | <u>3,974,635</u> | <u>1,604,212</u> |
| | | |
| | <u>2023</u> | <u>2022</u> |
| | DKK | DKK |
| 6. Profit allocation | | |
| Retained earnings | 12,690,141 | 5,196,759 |
| | <u>12,690,141</u> | <u>5,196,759</u> |

Notes to the Financial Statements

7. Intangible fixed assets

| | Completed development projects | Develop- ment projects in progress |
|---|--------------------------------------|--|
| | DKK | DKK |
| Cost at 1 January | 0 | 0 |
| Additions for the year | 0 | 12,018,669 |
| Transfers for the year | 12,018,669 | -12,018,669 |
| Cost at 31 December | <u>12,018,669</u> | <u>0</u> |
| Impairment losses and amortisation at 1 January | 0 | 0 |
| Amortisation for the year | 250,000 | 0 |
| Impairment losses and amortisation at 31 December | <u>250,000</u> | <u>0</u> |
| Carrying amount at 31 December | <u>11,768,669</u> | <u>0</u> |

Completed development projects include development of a platform to assess market trends as well as a project to develop the way of working the Manyone Group. It is Management's assessment that there is a market for the development projects which will ensure future economic benefits for the Group. Costs for the development projects are amortised over 5 years, as they are completed. Management has not found any indications of impairment in relation to the carrying amount, but refers to note 1 on uncertainty in recognition and measurement.

8. Property, plant and equipment

| | Other fixtures and fittings, tools and equipment | Leasehold improve- ments |
|--|---|--------------------------------|
| | DKK | DKK |
| Cost at 1 January | 2,809,714 | 1,305,196 |
| Additions for the year | 31,936 | 37,458 |
| Disposals for the year | 0 | -1,735 |
| Cost at 31 December | <u>2,841,650</u> | <u>1,340,919</u> |
| Impairment losses and depreciation at 1 January | 2,256,585 | 320,534 |
| Depreciation for the year | 360,966 | 378,795 |
| Reversal of impairment and depreciation of sold assets | 0 | -1,446 |
| Impairment losses and depreciation at 31 December | <u>2,617,551</u> | <u>697,883</u> |
| Carrying amount at 31 December | <u>224,099</u> | <u>643,036</u> |

Notes to the Financial Statements

9. Other fixed asset investments

| | Deposits |
|--------------------------------|------------------|
| | DKK |
| Cost at 1 January | 2,070,504 |
| Additions for the year | 40,298 |
| Disposals for the year | -160,792 |
| Cost at 31 December | <u>1,950,010</u> |
| | |
| Carrying amount at 31 December | <u>1,950,010</u> |

10. Contract work in progress

| | 2023 | 2022 |
|--|-----------------|---------------|
| | DKK | DKK |
| Selling price of work in progress | 3,989,775 | 7,579,644 |
| Payments received on account | -4,868,283 | -7,533,553 |
| | <u>-878,508</u> | <u>46,091</u> |
| | | |
| Recognised in the balance sheet as follows: | | |
| Contract work in progress recognised in assets | 588,798 | 1,133,663 |
| Prepayments received recognised in debt | -1,467,306 | -1,087,572 |
| | <u>-878,508</u> | <u>46,091</u> |

11. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums and subscriptions.

12. Provision for deferred tax

| | 2023 | 2022 |
|---|------------------|----------------|
| | DKK | DKK |
| Deferred tax liabilities at 1 January | -99,491 | -3,592 |
| Effect from merger and acquisitions | 0 | 40,343 |
| Amounts recognised in the income statement for the year | 2,563,642 | -136,242 |
| Deferred tax liabilities at 31 December | <u>2,464,151</u> | <u>-99,491</u> |

Notes to the Financial Statements

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|-------------------|
| | DKK | DKK |
| 13. Long-term debt | | |
| Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt. | | |
| The debt falls due for payment as specified below: | | |
| Other payables | | |
| After 5 years | 0 | 0 |
| Between 1 and 5 years | 2,502,951 | 4,438,731 |
| Long-term part | 2,502,951 | 4,438,731 |
| Within 1 year | 1,864,164 | 6,452,437 |
| Other short-term payables | 7,964,871 | 4,710,344 |
| | <u>12,331,986</u> | <u>15,601,512</u> |

| | <u>2023</u> | <u>2022</u> |
|--|-------------|-------------|
| | DKK | DKK |
| 14. Contingent assets, liabilities and other financial obligations | | |
| Charges and security | | |
| The following assets have been placed as security with bankers: | | |
| Floating charge (virksomhedspant) | 28,000,000 | 10,000,000 |
| Other contingent liabilities | | |
| The company has per the balance date, rental related lease obligations for DKK | 1,585,673 | 1,628,952 |
| The company has per the balance date, other lease obligations for DKK | 3,000,000 | 4,500,000 |

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of SLP Holding 2016 Aps, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

15. Related parties and disclosure of consolidated financial statements

| | <u>Basis</u> |
|-----------------------------|-------------------------|
| Controlling interest | |
| Manyone A/S | Parent Company |
| SLP Holding 2016 ApS | Ultimate Parent Company |

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

| <u>Name</u> | <u>Place of registered office</u> |
|----------------------|-----------------------------------|
| SLP Holding 2016 ApS | Lunderskov |
| Manyone A/S | Nordhavn |

16. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

17. Accounting policies

The Annual Report of Manyone Denmark ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in DKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Manyone A/S, the Company has not prepared a cash flow statement.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Business combinations

Pooling of interests

Intragroup business combinations are accounted for under the uniting-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The uniting-of-interests method is applied at the date of acquisition, and comparative figures have not been restated.

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Notes to the Financial Statements

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement

Income statement

Revenue

Net revenue from consulting and development is recognized in the income statement according to the production criterion.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Direct expenses

Direct expenses primarily include operating expenses for the year used to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets, direct expenses and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group companies. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 year.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

| | |
|--|-----------|
| Other fixtures and fittings, tools and equipment | 2-8 years |
| Leasehold improvements | 2-8 years |

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Assets with a useful life of more than 1 year are capitalized and depreciated over their useful lives.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Other fixed asset investments

Fixed asset investments consist of deposits, which is measured at cost.

Notes to the Financial Statements

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

Debts are measured at amortised cost, substantially corresponding to nominal value.

Notes to the Financial Statements

Financial Highlights

Explanation of financial ratios

Return on assets

Profit/loss of ordinary primary operations x 100 / Total assets at year end

Solvency ratio

Equity at year end x 100 / Total assets at year end

Return on equity

Net profit for the year x 100 / Average equity