

QUARDLOCK APS
KLØVERMARKEN 32, 9310 VODSKOV
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2020

The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 9 July 2021

Colombo Fasano

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CONTENTS

| | Page |
|-----------------------------------------------------|-------------|
| Company Details | |
| Company Details..... | 3 |
| Statement and Report | |
| Management's Statement..... | 4 |
| Independent Auditor's Report..... | 5-7 |
| Management Commentary | |
| Management Commentary..... | 8 |
| Financial Statements 1 January - 31 December | |
| Income Statement..... | 9 |
| Balance Sheet..... | 10-11 |
| Equity..... | 12 |
| Notes..... | 13-15 |
| Accounting Policies..... | 16-18 |

COMPANY DETAILS

| | |
|------------------------|---------------------------------------------------------------------------------|
| Company | Quardlock ApS Kløvermarken 32 9310 Vodskov |
| | CVR No.: 34 89 91 93 |
| | Established: 4 January 2013 |
| | Registered Office: Aalborg |
| | Financial Year: 1 January - 31 December |
| Executive Board | Søren Hald Jensen Colombo Fasano |
| Auditor | BDO Statsautoriseret revisionsaktieselskab Visionsvej 51 9000 Aalborg |
| Law Firm | DLA Piper Denmark Advokatpartnerselskab Rådhuspladsen 4 1550 Copenhagen V |

MANAGEMENT'S STATEMENT

Today the Executive Board have discussed and approved the Annual Report of Quardlock ApS for the financial year 1 January - 31 December 2020.

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

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Vodskov, 9 July 2021

Executive Board

Søren Hald Jensen

Colombo Fasano

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Quardlock ApS

Opinion

We have audited the Financial Statements of Quardlock ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements do give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 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 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' 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Material uncertainty relating to Going Concern

We draw attention to the disclosures in the note "Uncertainty relating to Going Concern" in the Financial Statements which describes that the company's liquidity has been strained in 2020 and that this is expected to continue into 2021 which indicates that there is a material uncertainty which may raise doubt about the company's ability to continue its operations. It is Management's assessment, based on the information in the Management's Review, that it will be possible to carry out the planned operations in 2021 in spite of the strained liquidity, and the annual report is therefore presented on a going concern basis. Our opinion is not modified in relation to this matter.

Emphasis of matter

Without modifying our opinion we refer to the description in the note in the Financial Statements "Information on uncertainty at recognition and measurement" and the paragraph in the Management's Review "Uncertainty at recognition and measurement", which describes that there is some uncertainty at the measurement of the company's development assets.

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

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

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

Statement on Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary 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 Commentary 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 Commentary is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management Commentary.

Aalborg, 9 July 2021

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

John Damkier
State Authorised Public Accountant
MNE no. mne28629

MANAGEMENT COMMENTARY

Principal activities

The Company's principal activities are development of smart cards with integrated fingerprint reader and display to show one-time passwords, and related business areas.

Recognition and measurement uncertainty

Because of the Company's special activity as a development business, there is a natural uncertainty related to the measurement of the Company's development activities which may have a material impact on the Company's equity.

As far as the assumptions that Management has used as a basis for their assessment of the future earnings potential are changed, this may result in a change of the values in a negative direction.

Development in activities and financial and economic position

The results for the year are acceptable considering that the Company's development activities and the development process have extended over a longer period than expected.

The Company's liquidity has been strained during the year, but the Company has managed to continue its development activities. The Company has conducted negotiations during the year with new investors and business partners and these negotiations have been successful, see the paragraph below "Significant events after the end of the financial year."

The project costs have been financed with the help of Nordjysk Lånefond (loan funding) and grants from public lenders/funds. The grants are in the form of milestone payments which depend on formal requirements as well as the stage of the project. The project has been finally completed at the beginning of 2021.

The Danish Tax Agency has claimed a payment off DKK ('000) 340 from the former parent company regarding liable corporation tax in Quardlock ApS. Due to The Danish joint taxation rules Quardlock ApS is liable off the DKK ('000) 340. This claim will further strain the liquidity.

The Company's shareholders have confirmed that they will make the necessary liquidity available to the Company, so that the Company can continue its activities.

Significant events after the end of the financial year

After the balance sheet date, the Company has obtained a considerable debt relief from one of its lenders. Moreover, the capital has been strengthened by contribution of new equity and the ownership structure was at the same time changed.

Except as described above, no events have occurred after the end of the financial year of material importance for the Company's financial position. The current crisis caused by Covid-19 has so far not impacted the Company's economy, and it is not expected to have any notable impact. The Company follows the recommendations of the Danish Health Authority and has accommodated accordingly without any appreciable inconvenience to the Company's operations and economy.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

| | Note | 2020 DKK | 2019 DKK |
|-------------------------------------------------------|------|-------------------|------------------|
| GROSS LOSS..... | | -638,527 | 399,412 |
| Staff costs..... | 1 | -31,927 | -45,357 |
| Amortisation, depreciation and impairment losses..... | | -290,187 | -288,934 |
| OPERATING LOSS..... | | -960,641 | 65,121 |
| Other financial income..... | 2 | 49 | 2,854,140 |
| Other financial expenses..... | 3 | -202,302 | -186,633 |
| LOSS BEFORE TAX..... | | -1,162,894 | 2,732,628 |
| Tax on profit for the year..... | 4 | 345,683 | -599,719 |
| LOSS FOR THE YEAR..... | | -817,211 | 2,132,909 |
| PROPOSED DISTRIBUTION OF PROFIT | | | |
| Retained earnings..... | | -817,211 | 2,132,909 |
| TOTAL..... | | -817,211 | 2,132,909 |

BALANCE SHEET AT 31 DECEMBER

| ASSETS | Note | 2020 DKK | 2019 DKK |
|-------------------------------------------------------|----------|-------------------|-------------------|
| Completed development projects..... | | 1,025,328 | 1,196,216 |
| Acquired intangible fixed assets..... | | 380,058 | 337,773 |
| Development projects in progress and prepayments..... | | 14,338,352 | 12,512,738 |
| Intangible assets..... | 5 | 15,743,738 | 14,046,727 |
| Other plant, fixtures and equipment..... | | 124,164 | 206,940 |
| Leasehold improvements..... | | 9,135 | 15,986 |
| Property, plant and equipment..... | 6 | 133,299 | 222,926 |
| Rent deposit and other receivables..... | | 12,000 | 12,000 |
| Financial non-current assets..... | 7 | 12,000 | 12,000 |
| NON-CURRENT ASSETS..... | | 15,889,037 | 14,281,653 |
| Trade receivables..... | | 122,871 | 432,296 |
| Receivables from group enterprises..... | | 0 | 422,704 |
| Other receivables..... | | 199,495 | 0 |
| Receivable corporation tax..... | | 277,594 | 0 |
| Prepayments and accrued income..... | | 59,055 | 37,525 |
| Receivables..... | | 659,015 | 892,525 |
| Cash in hand..... | | 58,037 | 35,396 |
| CURRENT ASSETS..... | | 717,052 | 927,921 |
| ASSETS..... | | 16,606,089 | 15,209,574 |

BALANCE SHEET AT 31 DECEMBER

| EQUITY AND LIABILITIES | Note | 2020 DKK | 2019 DKK |
|-----------------------------------------------------------|----------|-------------------|-------------------|
| Share capital..... | | 80,000 | 80,000 |
| Reserve for development costs..... | | 7,196,257 | 4,943,865 |
| Retained earnings..... | | -6,235,372 | -3,165,769 |
| EQUITY..... | | 1,040,885 | 1,858,096 |
| Provision for deferred tax..... | | 1,881,531 | 1,949,620 |
| PROVISIONS..... | | 1,881,531 | 1,949,620 |
| Debt to other credit institutions..... | | 0 | 1,710,372 |
| Debt to banks..... | | 112,962 | 153,464 |
| Other debt..... | | 1,550,888 | 0 |
| Accruals and deferred income..... | | 7,678,728 | 7,678,728 |
| Obligation, frozen holiday pay..... | | 0 | 73,072 |
| Non-current liabilities..... | 8 | 9,342,578 | 9,615,636 |
| Debt to other credit institutions..... | | 2,152,754 | 362,720 |
| Debt to banks..... | | 50,904 | 50,057 |
| Prepayment received from customers..... | | 0 | 40,320 |
| Payables..... | | 295,270 | 168,065 |
| Debt to group enterprises..... | | 1,232,997 | 161,977 |
| Debt to shareholders and Management..... | | 0 | 15,931 |
| Corporation tax..... | | 0 | 503,086 |
| Other debt..... | | 609,170 | 484,066 |
| Current liabilities..... | | 4,341,095 | 1,786,222 |
| LIABILITIES..... | | 13,683,673 | 11,401,858 |
| EQUITY AND LIABILITIES..... | | 16,606,089 | 15,209,574 |
| Contingencies, etc. | 9 | | |
| Charges and securities | 10 | | |
| Uncertainty relating to Going Concern | 11 | | |
| Information on uncertainty at recognition and measurement | 12 | | |

EQUITY

| | Share capital | Reserve for development costs | Retained earnings | Total |
|------------------------------------|---------------|-------------------------------------|----------------------|-----------|
| Equity at 1 January 2020..... | 80,000 | 4,943,865 | -3,165,769 | 1,858,096 |
| Proposed profit allocation..... | | | -817,211 | -817,211 |
| Other legal bindings | | | | |
| Capitalised development costs..... | | 2,252,392 | -2,252,392 | 0 |
| Equity at 31 December 2020..... | 80,000 | 7,196,257 | -6,235,372 | 1,040,885 |

NOTES

| | | | Note |
|---------------------------------------------------|--------------------------------------|----------------------------------------|-----------------------------------------------------------|
| Staff costs | | | 1 |
| Average number of employees | 4 | 4 | |
| Wages and salaries..... | 5,401 | 190 | |
| Social security costs..... | 24,166 | 42,639 | |
| Other staff costs..... | 2,360 | 2,528 | |
| | 31,927 | 45,357 | |
| Other financial income | | | 2 |
| Interest income from Group enterprises..... | 0 | 28,140 | |
| Other interest income..... | 49 | 2,826,000 | |
| | 49 | 2,854,140 | |
| Other financial expenses | | | 3 |
| Interest expenses, Group enterprises..... | 0 | 6,443 | |
| Other interest expenses..... | 202,302 | 180,190 | |
| | 202,302 | 186,633 | |
| Tax on profit for the year | | | 4 |
| Calculated tax on taxable income of the year..... | -277,594 | 503,086 | |
| Adjustment of tax relating to previous years..... | 0 | -3,157 | |
| Adjustment of deferred tax..... | -68,089 | 99,790 | |
| | -345,683 | 599,719 | |
| Intangible assets | | | 5 |
| | Completed development projects | Acquired intangible fixed assets | Development projects in progress and prepayments |
| Cost at 1 January 2020..... | 1,708,880 | 491,193 | 12,512,738 |
| Additions..... | 0 | 71,957 | 1,825,614 |
| Cost at 31 December 2020..... | 1,708,880 | 563,150 | 14,338,352 |
| Amortisation at 1 January 2020..... | 512,664 | 153,420 | 0 |
| Amortisation for the year..... | 170,888 | 29,672 | 0 |
| Amortisation at 31 December 2020..... | 683,552 | 183,092 | 0 |
| Carrying amount at 31 December 2020..... | 1,025,328 | 380,058 | 14,338,352 |

The Company's development projects concern development of smart cards with integrated fingerprint reader and display to show one-time passwords. The development hereof progresses as planned and is expected to be completed in 2021. Market surveys show a demand for this product.

NOTES

Note

Property, plant and equipment

6

| | Other plant, fixtures and equipment | Leasehold improvements |
|-------------------------------------------------------------------|-------------------------------------------|---------------------------|
| Cost at 1 January 2020..... | 413,880 | 34,255 |
| Cost at 31 December 2020..... | 413,880 | 34,255 |
| Depreciation and impairment losses at 1 January 2020..... | 206,940 | 18,269 |
| Depreciation for the year..... | 82,776 | 6,851 |
| Depreciation and impairment losses at 31 December 2020.... | 289,716 | 25,120 |
| Carrying amount at 31 December 2020..... | 124,164 | 9,135 |

Financial non-current assets

7

| | Rent deposit and other receivables |
|-------------------------------------------------|---------------------------------------|
| Cost at 1 January 2020..... | 12,000 |
| Cost at 31 December 2020..... | 12,000 |
| Carrying amount at 31 December 2020..... | 12,000 |

Long-term liabilities

8

| | 31/12 2020 total liabilities | Repayment next year | Debt outstanding after 5 years | 31/12 2019 total liabilities |
|-----------------------------------------|---------------------------------|------------------------|--------------------------------------|---------------------------------|
| Debt to credit institutions, other..... | 2,152,754 | 2,152,754 | 0 | 2,073,092 |
| Debt to banks..... | 163,866 | 50,904 | 0 | 203,521 |
| Other debt..... | 1,550,888 | 0 | 0 | 0 |
| Accruals and deferred income..... | 7,678,728 | 0 | 0 | 7,678,728 |
| Holiday pay freeze..... | 0 | 0 | 0 | 73,072 |
| | 11,546,236 | 2,203,658 | 0 | 10,028,413 |

Contingencies, etc.

9

Contingent liabilities

The Company has made an operating lease contract with a remaining period of 58 months and a total lease liability of DKK ('000) 299.

Joint liabilities

The Company is jointly and severally liable together with the parent company and the other Group companies in the joint taxable Group for tax on the Group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the Annual Report of SHJ Aalborg Holding ApS, which serves as management company for the joint taxation.

NOTES

Note

Charges and securities

10

A company charge of a nominal amount of DKK ('000) 2,641 has been given as security for debt to Nordjysk Lånefond of DKK ('000) 2,153. The company charge is secured on receivables, operating equipment, inventory and goodwill.

An ownership reservation has been given as security for debt to bank of a nominal amount of DKK ('000) 177. The ownership reservation is given on other plant, operating equipment, fixtures and fittings.

Uncertainty relating to Going Concern

11

The results for the year are acceptable considering that the Company's development activities and the development process have extended over a longer period than expected.

The Company's liquidity has been strained during the year, but the Company has managed to continue its development activities. The Company has conducted negotiations during the year with new investors and business partners and these negotiations have been successful, see the paragraph below "Significant events after the end of the financial year."

The project costs have been financed with the help of Nordjysk Lånefond (loan funding) and grants from public lenders/funds. The grants are in the form of milestone payments which depend on formal requirements as well as the stage of the project. The project has been finally completed at the beginning of 2021.

The Danish Tax Agency has claimed a payment off DKK ('000) 340 from the former parent company regarding liable corporation tax in Quardlock ApS. Due to The Danish joint taxation rules Quardlock ApS is liable off the DKK ('000) 340. This claim will further strain the liquidity.

The Company's shareholders have confirmed that they will make the necessary liquidity available to the Company, so that the Company can continue its activities.

Information on uncertainty at recognition and measurement

12

Because of the Company's special activity as a development business, there is a natural uncertainty related to the measurement of the Company's development activities which may have a material impact on the Company's equity.

As far as the assumptions that Management has used as a basis for their assessment of the future earnings potential are changed, this may result in a change of the values in a negative direction.

ACCOUNTING POLICIES

The Annual Report of Quardlock ApS for 2020 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

INCOME STATEMENT

Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Where products with a high degree of individual adjustments are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total costs and expenses regarding the contract and the degree of completion at the balance sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the Company.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operating lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security, etc. for the Company's employees. Repayments from public authorities are deducted from staff costs.

Financial income and expenses

Financial income and expenses include interest income and expenses, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

ACCOUNTING POLICIES

BALANCE SHEET

Intangible fixed assets

Patents and licences are measured at the lower of cost less accumulated amortisation or the recoverable amount. Patents are amortised over the residual patent term and licences are amortised over the term of the agreement, however, no more than 10 years.

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the Company's development activities and which fulfil the criteria for recognition.

Capitalised development costs are measured at the lower of cost less accumulated amortisation or recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 10 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and the recoverable amount. Patents are amortised over the remaining patent period and licences are amortised over the period of the agreement, however, no more than 8 years.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the income statement under other operating income or other operating expenses.

Tangible fixed assets

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

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

| | Useful life | Residual value |
|------------------------------------------|-------------|----------------|
| Other plant, fixtures and equipment..... | 5 years | 0 % |
| Leasehold improvements..... | 5 years | 0 % |

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Fixed asset investments

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

ACCOUNTING POLICIES

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, are assessed on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Cash and cash equivalents

Cash and cash equivalents include cash at banks.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the balance sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Amortised cost of current liabilities usually corresponds to nominal value.