



## Airtame ApS

Langebrogade 6, 2.  
1411 København K  
CVR No. 35478973

## Annual report 2022

The Annual General Meeting adopted the  
annual report on 30.06.2023

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**Peter Granild Colsted**

Chairman of the General Meeting

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# Entity details

## Entity

Airtame ApS

Langebrogade 6, 2.

1411 København K

Business Registration No.: 35478973

Registered office: København

Financial year: 01.01.2022 - 31.12.2022

## Board of Directors

Peter Granild Colsted, Chairman

Mads Tue Klarskov Petersen

Jacob Arup Bratting Pedersen

Tommy Frejlev Andersen

Jonas Mains Gyalokay

## Executive Board

Attila Sükösd

Susanne Lund, CEO

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

# Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Airtame ApS for the financial year 01.01.2022 - 31.12.2022.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

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

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

Copenhagen, 30.06.2023

## Executive Board

**Attila Sükösd**

**Susanne Lund**

CEO

## Board of Directors

**Peter Granild Colsted**

Chairman

**Mads Tue Klarskov Petersen**

**Jacob Arup Bratting Pedersen**

**Tommy Frejlev Andersen**

**Jonas Mains Gyalokay**

# Independent auditor's report

## To the shareholders of Airtame ApS

### Opinion

We have audited the consolidated financial statements and the parent financial statements of Airtame ApS for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board 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.

### Material uncertainty related to going concern

As described in note 1, the annual report has been prepared on basis of the going concern principle. A prerequisite for the company's continued operation is that the current operating and liquidity budgets can be met. If there are shifts in the company's operating and liquidity budgets, the company need additional capital. It is the management's expectation that the operating and liquidity budgets will be achieved and that further financing can be obtained if this is necessary. Consequently Management prepared the financial statements on going concern basis. Reference is made to note 1.

We have found no basis for reaching a different conclusion but emphasize the uncertainty related to this assessment.

### Management's responsibilities for the consolidated financial statements and the parent financial statements

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

In preparing the consolidated financial statements and the parent financial statements, Management is

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

### **Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements**

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 30.06.2023

#### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

#### **Mads Fauerskov**

State Authorised Public Accountant  
Identification No (MNE) mne35428

#### **Rasmus Villadsen Madsen**

State Authorised Public Accountant  
Identification No (MNE) mne45822

# Management commentary

## Financial highlights

	2022 DKK'000	2021 DKK'000	2020 DKK'000	2019 DKK'000
<b>Key figures</b>				
Gross profit/loss	35,133	50,221	29,260	49,185
Operating profit/loss	(39,509)	(12,897)	(27,117)	368
Net financials	(3,143)	1,045	(2,524)	(1,607)
Profit/loss for the year	(39,264)	(8,250)	(22,217)	(1,058)
Balance sheet total	108,323	93,303	63,571	57,519
Investments in property, plant and equipment	665	202	221	1,615
Equity	(14,836)	24,251	(13,065)	5,869
Cash flows from operating activities	(16,906)	(23,817)	(4,520)	23,486
Cash flows from investing activities	(19,763)	(16,168)	(13,577)	(15,630)
Cash flows from financing activities	32,133	33,448	29,650	(1,299)
<b>Ratios</b>				
Equity ratio (%)	(13.70)	25.99	(20.55)	10.20

The Group has not disclosed any financial highlights for the period 2018 as a result of the Group was not obligatory to prepare consolidated accounts during this period.

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

### Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$

Balance sheet total



### Primary activities

Airtame is a platform for screens that connects, informs, and engages organizations globally with hardware and software solutions for hybrid conferencing, digital signage, and wireless screen sharing - all managed by a cloud solution.

### Development in activities and finances

In 2022, Airtame continued following the strategy for becoming a SaaS BtB company, which resulted in a growth in subscription revenue of 79% compared to the year before and amounted to more than DKK 10 million. Despite this, gross profit ended approximately 30% lower in 2022 than 2021 and amounted to DKK 35,1 million compared to DKK 50,2 million in gross profit from the previous year. The negative development is mainly due to timing of the launch of the conferencing solution Airtame Hub & Rooms, which was launched later than initially planned as well as a longer than anticipated sales processes. Also, going into 2022 the cost base was scaled to a higher sales level and was therefore adjusted down in the second part of the year to reflect the realized level of sales. Lastly, gross profit is negatively impacted by less capitalization of development costs in 2022 than 2021.

The operating loss amounts to DKK -39,5 million, compared to a result of DKK -12,9 million in 2021. The net result for the year is a loss of DKK 39,3 million, compared to a loss of DKK 8,3 million in 2021, which falls short of the expectations for the year.

The company's balance sheet shows total assets of DKK 108,2 million and equity of DKK -14,8 million. Compared to 2021, the assets have increased by DKK 14.9 million, and equity has decreased by DKK 39,1 million. The increase in assets is mainly attributable to increased stock level not yet paid, driving up trade payables. The decrease in trade receivables is coming from improved cash management as well as re- classification of a deposit to suppliers. The development in equity is attributable to the negative performance in 2022. Also, both short term and long-term liability has increased in 2022 mainly due to loans given to the company, see note 1.

Airtame raised DKK 18,5 million in December 2022 from existing investors as a convertible note to support the transition to a BtB SaaS business. Also, the company had a favorable development in operating cash flow driven by implementing initiatives to improve working capital. It is expected that this will ensure that Airtame will become a cash flow positive company during 2023.

Airtame faces both internal and external risks. Below are the key known risks described.

#### Market risks

The majority of Airtame's business today consists of selling hardware, particularly in the US education market, which can face challenges from both major existing players and new technologies as well as new business models. However, the most significant market risk is primarily associated with technological advancements, as the pace of development is rapid. The company addresses these risks through a high level of technology and product innovation, both within its traditional hardware business and in new areas such as cloud solutions.

#### Operational risks

Airtame's primary operational risk relates to the company's access and stability of the cloud platform, where ongoing efforts are made to ensure high uptime, security against fraud, external attacks, and misuse through collaboration with external experts and focus on the internal control systems. The risk related to the supply chain and the procurement of components for the company's hardware production, which was highlighted in the annual report for 2021, has decreased and is no longer seen as a significant risk for the company.

**Financial risks**

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates, mainly US dollars. The Company's exposure to the risk of changes in foreign exchange rates relates to exposure on revenue and expenses denominated in foreign currency and is handled by paying and receiving payments in the same currency. Airtame does not perform any hedging activities.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises mainly from loans/debt. These are both short-term and long term. As the Company is expected to generate positive cash flows, exposure to interest rate risk is expected to be reduced.

Liquidity risk results from the Company's potential inability or difficulty in meeting the contractual obligations associated with its financial liabilities due to insufficient liquidity. Airtame's financial development is dependent on delivering the sales budget for 2023. If the budgets are not realized, the company may face financial risks that need to be addressed by additional capital infusion into the company.

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

The annual result for 2022 ended below expectations. The main reason for this is tough competition for the company's solutions, which made it harder to build and realize the sales opportunities. Also, the launch of the new conferencing solution, Airtame Room & Hub took longer than anticipated to bring into the market as the development of the solution was delayed. The result was furthermore negatively impacted by generally lower spend by customers due to the financial downturn.

**Uncertainty relating to recognition and measurement**

The value of the development projects depends on the company's ability to complete ongoing projects and its ability to acquire hardware components, enabling the generation of earnings and hence a return on the overall investment.

**Outlook**

The expected Operating loss for 2023 is minus DKK 15-25 million. The focus is to continuously convert the business to a SaaS BTB company, building up the subscription base and consequently increasing revenue from software on top of the growth and ongoing development of the hardware unit sales business.

The liquidity in 2023 will depend on the growth of sales of Airtame Hub & Rooms and the continued conversion to a cloud-based subscription solution business to realize the sales budget to become cash flow positive by the end of 2023.

The management's assessment is that the company will succeed in these endeavors based on the current sales and liquidity budgets.

Reference is made to note 1, where the assumptions for presenting the financial statements on a going concern basis are disclosed.

**Knowledge resources**

It is Airtame's ambition as a market leader to be at the forefront of technological development, which means that the company is characterized by a rapidly changing knowledge environment. Consequently, the company continuously enhances its competencies in relevant areas, with a particular focus on software development and subscription-based business.

**Environmental performance**

Airtame has an ambition to reduce the environmental and climate impact of the company's activities and is actively working towards this goal. This includes using sustainable materials for the company's hardware products, such as recycled plastic and energy-efficient solutions. Airtame also collaborates closely with suppliers to ensure energy-efficient production.

**Research and development activities**

Also in 2022, Airtame has realized development costs for innovative initiatives for continuous advancement and optimization of the platform, products, and user experience.

**Events after the balance sheet date**

There have been no events occurring after the balance sheet date that would materially affect the assessment of the annual report

# Consolidated income statement for 2022

	Notes	2022 DKK	2021 DKK
<b>Gross profit/loss</b>	3	<b>35,132,685</b>	<b>50,221,225</b>
Staff costs	4	(65,806,848)	(49,836,862)
Depreciation, amortisation and impairment losses	5	(8,835,140)	(13,281,593)
<b>Operating profit/loss</b>		<b>(39,509,303)</b>	<b>(12,897,230)</b>
Other financial income	6	1,721,528	5,054,509
Other financial expenses	7	(4,864,147)	(4,009,772)
<b>Profit/loss before tax</b>		<b>(42,651,922)</b>	<b>(11,852,493)</b>
Tax on profit/loss for the year	8	3,387,612	3,602,104
<b>Profit/loss for the year</b>	9	<b>(39,264,310)</b>	<b>(8,250,389)</b>

# Consolidated balance sheet at 31.12.2022

## Assets

	Notes	2022 DKK	2021 DKK
Completed development projects	11	32,280,702	14,706,828
Development projects in progress	11	6,181,705	18,274,913
<b>Intangible assets</b>	10	<b>38,462,407</b>	<b>32,981,741</b>
Plant and machinery		382,970	72,019
Other fixtures and fittings, tools and equipment		0	273,118
Leasehold improvements		36,269	175,648
<b>Property, plant and equipment</b>	12	<b>419,239</b>	<b>520,785</b>
Deposits		5,999,222	450,966
<b>Financial assets</b>	13	<b>5,999,222</b>	<b>450,966</b>
<b>Fixed assets</b>		<b>44,880,868</b>	<b>33,953,492</b>
Manufactured goods and goods for resale		24,226,488	3,079,207
<b>Inventories</b>		<b>24,226,488</b>	<b>3,079,207</b>
Trade receivables		7,835,744	23,430,017
Other receivables	14	18,523,964	15,485,551
Tax receivable	15	2,980,730	3,604,788
Prepayments	16	1,758,770	1,098,748
<b>Receivables</b>		<b>31,099,208</b>	<b>43,619,104</b>
<b>Cash</b>		<b>8,116,116</b>	<b>12,650,987</b>
<b>Current assets</b>		<b>63,441,812</b>	<b>59,349,298</b>
<b>Assets</b>		<b>108,322,680</b>	<b>93,302,790</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2022 DKK</b>	<b>2021 DKK</b>
Contributed capital		159,600	159,600
Translation reserve		(441,357)	(618,941)
Retained earnings		(14,554,166)	24,710,144
<b>Equity</b>		<b>(14,835,923)</b>	<b>24,250,803</b>
Deferred tax	17	0	496,000
Other provisions	18	2,865,000	450,000
<b>Provisions</b>		<b>2,865,000</b>	<b>946,000</b>
Subordinate loan capital		7,000,000	0
Bank loans		7,405,800	6,205,000
Debt to other credit institutions		21,411,957	22,737,673
Convertible and profit-sharing debt instruments		18,500,000	0
Other payables	21	2,755,706	2,699,706
Deferred income	25	3,353,670	1,728,711
<b>Non-current liabilities other than provisions</b>	<b>23</b>	<b>60,427,133</b>	<b>33,371,090</b>
Current portion of non-current liabilities other than provisions	23	4,052,684	3,859,060
Bank loans		6,847,838	89,771
Payables to other credit institutions		7,435	0
Prepayments received from customers		183,128	0
Trade payables		29,487,024	16,152,837
Other payables	24	5,775,940	6,968,487
Deferred income	25	13,512,421	7,664,742
<b>Current liabilities other than provisions</b>		<b>59,866,470</b>	<b>34,734,897</b>
<b>Liabilities other than provisions</b>		<b>120,293,603</b>	<b>68,105,987</b>
<b>Equity and liabilities</b>		<b>108,322,680</b>	<b>93,302,790</b>
Going concern	1		
Uncertainty relating to recognition and measurement	2		
Unrecognised rental and lease commitments	27		
Assets charged and collateral	28		
Transactions with related parties	29		
Subsidiaries	30		

# Consolidated statement of changes in equity for 2022

	Contributed capital DKK	Translation reserve DKK	Retained earnings DKK	Total DKK
Equity beginning of year	159,600	(618,941)	24,710,144	24,250,803
Exchange rate adjustments	0	177,584	0	177,584
Profit/loss for the year	0	0	(39,264,310)	(39,264,310)
<b>Equity end of year</b>	<b>159,600</b>	<b>(441,357)</b>	<b>(14,554,166)</b>	<b>(14,835,923)</b>

At the end of 2022, the equity of Airtame was negative at DKK 14.8 million. However, if the subordinate loan and convertible note are included as equity, it would become positive at DKK 10.7 million, resulting in positive capital for the company.

Equity:	DKK -14,835t
Subordinate loan:	DKK 7,000t
Convertible note:	DKK 18,500t
Total:	DKK 10.665t

# Consolidated cash flow statement for 2022

	Notes	2022 DKK	2021 DKK
Operating profit/loss		(39,509,303)	(12,897,230)
Amortisation, depreciation and impairment losses		8,835,140	13,281,593
Other provisions		0	270,000
Working capital changes	26	13,218,023	(28,240,605)
Other adjustments		177,582	0
<b>Cash flow from ordinary operating activities</b>		<b>(17,278,558)</b>	<b>(27,586,242)</b>
Financial income received		1,721,528	4,014,044
Financial expenses paid		(4,864,147)	(3,171,923)
Taxes refunded/(paid)		3,515,670	2,926,980
<b>Cash flows from operating activities</b>		<b>(16,905,507)</b>	<b>(23,817,141)</b>
Acquisition etc. of intangible assets		(19,097,029)	(16,385,399)
Acquisition etc. of property, plant and equipment		(445,095)	(201,790)
Acquisition of fixed asset investments		(220,391)	(14,993)
Sale of fixed asset investments		0	434,308
<b>Cash flows from investing activities</b>		<b>(19,762,515)</b>	<b>(16,167,874)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>(36,668,022)</b>	<b>(39,985,015)</b>
Loans raised		32,133,151	89,771
Repayments of loans etc.		0	(1,823,942)
Cash capital increase		0	35,999,911
Cash capital decrease		0	(900,001)
Costs incurred during change of contributed capital		0	(717,057)
Other cash flows from financing activities		0	799,318
<b>Cash flows from financing activities</b>		<b>32,133,151</b>	<b>33,448,000</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(4,534,871)</b>	<b>(6,537,015)</b>
Cash and cash equivalents beginning of year		12,650,987	19,188,002
<b>Cash and cash equivalents end of year</b>		<b>8,116,116</b>	<b>12,650,987</b>



Cash and cash equivalents at year-end are composed of:

Cash	8,116,116	12,650,987
<b>Cash and cash equivalents end of year</b>	<b>8,116,116</b>	<b>12,650,987</b>

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# Notes to consolidated financial statements

## 1 Going concern

Group's operating and cash budgets show sufficient capital to continue operations, but continuing as a going concern requires that the Group's operating and cash budgets are observed.

As stated in the management commentary, in case of changes in operating and cash budgets, the Company needs funding during 2023 to complete the Group's development projects in progress and to be able to continue operations at the desired level.

If it turns out that the Group's budgets cannot be met at a satisfactory level, Airtame will need a capital injection in H2 2023 in the region of DKK 10m to ensure adequate financial resources. It is Management's expectation that the potential capital injection will be made, if needed, and that the Group's budgets will also be observed.

An updated forecast for 2023 has been prepared to support the above. The forecast is based on the pipeline of sales existing at the end of May. Moreover, the cost base is adjusted to the expected revenue in the base budget to ensure adequate financial resources for the rest of 2023 without additional external funding.

Based on the above initiatives, Management expects that the necessary funding will be provided and has therefore presented the financial statements on a going concern basis. However, attention should be paid to the uncertainty inherently attached to this assessment.

## 2 Uncertainty relating to recognition and measurement

The value of the recognized development projects depends on the company's ability to complete ongoing projects as well as the company's ability to acquire the necessary hardware components, so that an income can be generated which could yield the total investment. The management believes that the company will succeed in this, among other things through the new business strategy.

## 3 Gross profit/loss

Other operating income consist of EU grants amounting to 2.922 TDKK in 2022, and 3.273 TDKK in 2021.

## 4 Staff costs

	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	59,476,708	44,646,052
Pension costs	2,530,727	1,498,639
Other social security costs	3,728,396	2,425,738
Other staff costs	71,017	1,266,433
	<b>65,806,848</b>	<b>49,836,862</b>
Number of employees at balance sheet date	<b>72</b>	<b>67</b>

	Remuneration of manage- ment 2022 DKK	Remuneration of manage- ment 2021 DKK
Executive Board	7,270,761	3,672,584
	<b>7,270,761</b>	<b>3,672,584</b>

### Special incentive programmes

The company has introduced incentive programs aimed to retain certain key employees. The total number of share options issued per 31.12.2022 to key employees is 10,924.41 under three programs and is respectively nominally 7,050 DKK ("2018 Warrant Program"), nominally 6,969 DKK ("2019 Warrant Program") and nominally 10,905.41 DKK ("2022 Warrant Program"). The warrants issued entitle the holder to subscribe for A-shares in the company against payment of an exercise price determined by the Board of Directors, but the price may not be lower than (a) 11.3346 DKK per nominally 0.01 DKK A-shares under 2018 Warrant Program, (b) 5.2393 DKK per nominally 0.01 DKK A-shares under 2019 Warrant Program, and (c) 7.24 pr. nominally 0.01 DKK A-shares under 2022 Warrant program. According to the program the share options may be exercised in event of certain events but will lapse if no such event occurred before 10 years from the issue date.

### 5 Depreciation, amortisation and impairment losses

	2022 DKK	2021 DKK
Amortisation of intangible assets	8,068,107	12,174,234
Depreciation on property, plant and equipment	767,033	1,107,359
	<b>8,835,140</b>	<b>13,281,593</b>

### 6 Other financial income

	2022 DKK	2021 DKK
Other interest income	194	13,987
Exchange rate adjustments	1,721,334	1,040,465
Remission of debt etc.	0	4,000,057
	<b>1,721,528</b>	<b>5,054,509</b>

### 7 Other financial expenses

	2022 DKK	2021 DKK
Other interest expenses	2,700,577	3,122,874
Exchange rate adjustments	1,592,526	613,512
Other financial expenses	571,044	273,386
	<b>4,864,147</b>	<b>4,009,772</b>

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

	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	(2,891,612)	(3,562,104)
Change in deferred tax	(496,000)	(40,000)
	<b>(3,387,612)</b>	<b>(3,602,104)</b>

**9 Proposed distribution of profit/loss**

	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
Retained earnings	(39,264,310)	(8,250,389)
	<b>(39,264,310)</b>	<b>(8,250,389)</b>

**10 Intangible assets**

	<b>Completed development projects DKK</b>	<b>Development projects in progress DKK</b>
Cost beginning of year	76,502,237	18,274,913
Transfers	25,641,981	(25,641,981)
Additions	0	14,328,773
Disposals	0	(780,000)
<b>Cost end of year</b>	<b>102,144,218</b>	<b>6,181,705</b>
Amortisation and impairment losses beginning of year	(61,795,409)	0
Amortisation for the year	(8,068,107)	0
<b>Amortisation and impairment losses end of year</b>	<b>(69,863,516)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>32,280,702</b>	<b>6,181,705</b>

**11 Development projects**

In 2022, the company developed several different projects. The development remains on the company's cloud platform in order to increase future subscriptions in value both new and existing. In addition, work has been done on a number of new software products.

Significant resources have been spent this year on product development. Based on an individual assessment of the time spent by each employee as well as directly attributable supplier costs, it was estimated that 14.329K DKK of the year's wages and supplier costs have been used for development activities.

The budget shows that development costs will have a short recovery time and significant surpluses are expected in the near future based on our financial estimates.

## 12 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	1,945,978	1,281,280	412,416
Additions	445,095	184,124	36,268
<b>Cost end of year</b>	<b>2,391,073</b>	<b>1,465,404</b>	<b>448,684</b>
Depreciation and impairment losses beginning of year	(1,873,959)	(1,008,162)	(236,768)
Depreciation for the year	(134,144)	(457,242)	(175,647)
<b>Depreciation and impairment losses end of year</b>	<b>(2,008,103)</b>	<b>(1,465,404)</b>	<b>(412,415)</b>
<b>Carrying amount end of year</b>	<b>382,970</b>	<b>0</b>	<b>36,269</b>

## 13 Financial assets

	Deposits DKK
Cost beginning of year	450,966
Additions	5,552,754
Disposals	(4,498)
<b>Cost end of year</b>	<b>5,999,222</b>
<b>Carrying amount end of year</b>	<b>5,999,222</b>

The increase in deposits consist of deposits at supplier.

## 14 Other receivables

Other receivables consist primarily of cash in deposit account at lawyer in relation to capital increase.

## 15 Tax receivable

The outstanding corporate tax receivable included in the balance sheet relates to the use of the tax credit scheme under section 8X of the Danish Tax Assessment Act, whereby the company receives payment for the tax value of losses resulting from research and development expenses. Based on the review of the criteria for using the scheme, it is management's clear understanding that the company is eligible to use the scheme, and the recognition has been made based on this assessment. There is a risk that the Danish Tax Authority may determine that the conditions for using the scheme have not been met. If so, subsequent financial years will be negatively affected by the reduction of the outstanding corporate tax receivable through "Tax for the year" in the consolidated statement of profit or loss and other comprehensive income.

## 16 Prepayments

Prepayments under assets consist of prepaid expenses, that relates to the following financial year.

## 17 Deferred tax

	2022 DKK	2021 DKK
Intangible assets	8,462,000	7,257,000
Property, plant and equipment	(214,000)	(199,000)
Provisions	(989,000)	(99,000)
Liabilities other than provisions	(1,053,000)	(1,085,000)
Tax losses carried forward	(6,206,000)	(5,378,000)
<b>Deferred tax</b>	<b>0</b>	<b>496,000</b>

	2022 DKK	2021 DKK
<b>Changes during the year</b>		
Beginning of year	496,000	536,000
Recognised in the income statement	(496,000)	(40,000)
<b>End of year</b>	<b>0</b>	<b>496,000</b>

## 18 Other provisions

Other provisions comprise anticipated costs of relocation, non-recourse guarantee commitments and returns.

## 19 Subordinate loan capital

The subordinate loan capital is installment free until October 2024 and will be fully paid by October 2028.

## 20 Convertible and profit-sharing debt instruments

	Amounts outstanding DKK	Interest rate agreed %	Conversion price	Deadline for conversion to equity interests
Convertible debt	18,500,000	6.00	72,400	31.12.2024
	<b>18,500,000</b>			

## 21 Other payables

	2022 DKK	2021 DKK
Holiday pay obligation	2,755,706	2,699,706
	<b>2,755,706</b>	<b>2,699,706</b>

The obligation falls due as employees leave the labor market. The outstanding debt after 5 years has been fixed on the basis of the expectation that the company will pay the due holiday money within 5 years.

## 22 Deferred income

Deferred income comprises income received for recognition in subsequent financial years.

### 23 Non-current liabilities other than provisions

	Due within 12 months 2022 DKK	Due within 12 months 2021 DKK	Due after more than 12 months 2022 DKK	Outstanding after 5 years 2022 DKK
Subordinate loan capital	0	0	7,000,000	2,460,840
Bank loans	0	1,600,000	7,405,800	0
Debt to other credit institutions	4,052,684	2,259,060	21,411,957	0
Convertible and profit-sharing debt instruments	0	0	18,500,000	0
Other payables	0	0	2,755,706	0
Deferred income	0	0	3,353,670	0
	<b>4,052,684</b>	<b>3,859,060</b>	<b>60,427,133</b>	<b>2,460,840</b>

### 24 Other payables

	2022 DKK	2021 DKK
VAT and duties	144,060	4,780,381
Wages and salaries, personal income taxes, social security costs, etc. payable	2,562,051	818,547
Holiday pay obligation	1,264,332	1,283,822
Other costs payable	1,805,497	85,737
	<b>5,775,940</b>	<b>6,968,487</b>

### 25 Deferred income

Deferred income comprises income received for recognition in following financial year.

### 26 Changes in working capital

	2022 DKK	2021 DKK
Increase/decrease in inventories	(21,147,281)	203,738
Increase/decrease in receivables	11,992,656	(32,999,773)
Increase/decrease in trade payables etc.	22,372,648	4,555,430
	<b>13,218,023</b>	<b>(28,240,605)</b>

### 27 Unrecognised rental and lease commitments

	2022 DKK	2021 DKK
Total liabilities under rental or lease agreements until maturity	3,971,000	1,625,000

### 28 Assets charged and collateral

Bank loans to Danske Bank are secured by way of a deposited mortgage deed registered to the mortgagor on company charge of TDKK 10.000 nominal.

Bank loans to Vækstfonden are secured by way of a deposited mortgage deed registered to the mortgagor on company charge of TDKK 14.000 nominal.

The carrying amount of mortgaged company charge is TDKK 66.976.

### 29 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

### 30 Subsidiaries

	<b>Registered in</b>	<b>Corporate form</b>	<b>Ownership %</b>
Airtame US	New York	Inc.	100.00
Airtame HU	Budapest	Ltd.	100.00
Airtame Island	Island	ehf.	100.00



# Parent income statement for 2022

	Notes	2022 DKK	2021 DKK
<b>Gross profit/loss</b>	3	<b>10,472,427</b>	<b>34,672,907</b>
Staff costs	4	(41,693,760)	(30,090,863)
Depreciation, amortisation and impairment losses	5	(8,648,630)	(13,259,127)
<b>Operating profit/loss</b>		<b>(39,869,963)</b>	<b>(8,677,083)</b>
Income from investments in group enterprises		3,352,579	(251,176)
Other financial income		1,721,528	1,054,450
Other financial expenses		(5,025,762)	(4,021,368)
<b>Profit/loss before tax</b>		<b>(39,821,618)</b>	<b>(11,895,177)</b>
Tax on profit/loss for the year	6	3,476,730	3,644,788
<b>Profit/loss for the year</b>	7	<b>(36,344,888)</b>	<b>(8,250,389)</b>

# Parent balance sheet at 31.12.2022

## Assets

	Notes	2022 DKK	2021 DKK
Completed development projects	9	32,280,702	14,706,828
Development projects in progress	9	6,181,705	18,274,913
<b>Intangible assets</b>	8	<b>38,462,407</b>	<b>32,981,741</b>
Plant and machinery		382,970	72,019
Other fixtures and fittings, tools and equipment		0	270,731
Leasehold improvements		36,269	175,648
<b>Property, plant and equipment</b>	10	<b>419,239</b>	<b>518,398</b>
Investments in group enterprises		208,842	223,736
Deposits		5,821,180	268,426
<b>Financial assets</b>	11	<b>6,030,022</b>	<b>492,162</b>
<b>Fixed assets</b>		<b>44,911,668</b>	<b>33,992,301</b>
Manufactured goods and goods for resale		23,527,982	2,288,468
<b>Inventories</b>		<b>23,527,982</b>	<b>2,288,468</b>
Trade receivables		4,566,632	9,238,372
Receivables from group enterprises		5,328	10,979,685
Other receivables	12	18,500,000	15,271,649
Tax receivable	13	2,980,730	3,604,788
Prepayments	14	1,608,962	959,501
<b>Receivables</b>		<b>27,661,652</b>	<b>40,053,995</b>
<b>Cash</b>		<b>6,010,643</b>	<b>8,762,213</b>
<b>Current assets</b>		<b>57,200,277</b>	<b>51,104,676</b>
<b>Assets</b>		<b>102,111,945</b>	<b>85,096,977</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2022 DKK</b>	<b>2021 DKK</b>
Contributed capital		159,600	159,600
Translation reserve		(441,357)	(618,941)
Reserve for development costs		30,000,677	25,725,755
Retained earnings		(41,635,421)	(1,015,611)
<b>Equity</b>		<b>(11,916,501)</b>	<b>24,250,803</b>
Deferred tax	15	0	496,000
Other provisions	16	2,865,000	450,000
<b>Provisions</b>		<b>2,865,000</b>	<b>946,000</b>
Subordinate loan capital	17	7,000,000	0
Bank loans		7,405,800	6,205,000
Debt to other credit institutions		21,411,957	22,737,673
Convertible and profit-sharing debt instruments	18	18,500,000	0
Other payables	19	2,755,706	2,699,706
Deferred income	20	3,353,670	1,728,711
<b>Non-current liabilities other than provisions</b>	21	<b>60,427,133</b>	<b>33,371,090</b>
Current portion of non-current liabilities other than provisions	21	4,052,684	3,859,060
Bank loans		6,847,838	89,771
Payables to other credit institutions		7,435	0
Prepayments received from customers		183,128	0
Trade payables		29,374,384	11,273,933
Payables to group enterprises		491,128	0
Other payables	22	3,813,000	6,903,807
Deferred income	23	5,966,716	4,402,513
<b>Current liabilities other than provisions</b>		<b>50,736,313</b>	<b>26,529,084</b>
<b>Liabilities other than provisions</b>		<b>111,163,446</b>	<b>59,900,174</b>
<b>Equity and liabilities</b>		<b>102,111,945</b>	<b>85,096,977</b>
Going concern	1		
Uncertainty relating to recognition and measurement	2		
Unrecognised rental and lease commitments	24		
Assets charged and collateral	25		
Transactions with related parties	26		

# Parent statement of changes in equity for 2022

	Contributed capital DKK	Translation reserve DKK	Reserve for development costs DKK	Retained earnings DKK	Total DKK
Equity beginning of year	159,600	(618,941)	25,725,755	(1,015,611)	24,250,803
Exchange rate adjustments	0	177,584	0	0	177,584
Transfer to reserves	0	0	4,274,922	(4,274,922)	0
Profit/loss for the year	0	0	0	(36,344,888)	(36,344,888)
<b>Equity end of year</b>	<b>159,600</b>	<b>(441,357)</b>	<b>30,000,677</b>	<b>(41,635,421)</b>	<b>(11,916,501)</b>

Management is aware that the contributed capital has been lost. The equity is expected to be reestablished through operation and capital increases in the coming years.

# Notes to parent financial statements

## 1 Going concern

The Group's operating and cash budgets show sufficient capital to continue operations, but continuing as a going concern requires that the Group's operating and cash budgets are observed.

As stated in the management commentary, in case of changes in operating and cash budgets, the Company needs funding during 2023 to complete the Group's development projects in progress and to be able to continue operations at the desired level.

If it turns out that the Group's budgets cannot be met at a satisfactory level, Airtame will need a capital injection in H2 2023 in the region of DKK 10m to ensure adequate financial resources. It is Management's expectation that the potential capital injection will be made, if needed, and that the Group's budgets will also be observed.

An updated forecast for 2023 has been prepared to support the above. The forecast is based on the pipeline of sales existing end of May. It should therefore be considered a baseline budget to which additional sales can be expected, especially in Q4 2023. Moreover, the cost base is adjusted to the expected revenue in the base budget to ensure adequate financial resources for the rest of 2023 without additional external funding.

Based on the above initiatives, Management expects that the necessary funding will be provided and has therefore presented the financial statements on a going concern basis. However, attention should be paid to the uncertainty inherently attached to this assessment.

## 2 Uncertainty relating to recognition and measurement

The value of the recognized development projects depends on the company's ability to complete ongoing projects as well as the company's ability to acquire the necessary hardware components, so that an income can be generated which could yield the total investment. The management believes that the company will succeed in this, among other things through the new business strategy.

## 3 Gross profit/loss

Other operating income consist of EU grants amounting to 2.922 TDKK in 2022, and 3.273 TDKK in 2021.

## 4 Staff costs

	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	38,825,371	29,304,873
Pension costs	2,530,727	483,398
Other social security costs	337,662	302,592
	<b>41,693,760</b>	<b>30,090,863</b>
Average number of full-time employees	<b>50</b>	<b>44</b>

	<b>Remuneration of Manage- ment 2022 DKK</b>	<b>Remuneration of Manage- ment 2021 DKK</b>
Executive Board	7,270,761	3,672,584
	<b>7,270,761</b>	<b>3,672,584</b>

### Special incentive programmes

The company has introduced incentive programs aimed to retain certain key employees. The total number of share options issued per 31.12.2022 to key employees is 24,924.41 under three programs and is respectively nominally 7,050 DKK ("2018 Warrant Program"), nominally 6,969 DKK ("2019 Warrant Program") and nominally 10,905.41 DKK ("2022 Warrant Program"). The warrants issued entitle the holder to subscribe for A-shares in the company against payment of an exercise price determined by the Board of Directors, but the price may not be lower than (a) 11.3346 DKK per nominally 0.01 DKK A-shares under 2018 Warrant Program, (b) 5.2393 DKK per nominally 0.01 DKK A-shares under 2019 Warrant Program, and (c) 7.24 pr. nominally 0.01 DKK A-shares under 2022 Warrant program. According to the program the share options may be exercised in event of certain events but will lapse if no such event occurred before 10 years from the issue date.

### 5 Depreciation, amortisation and impairment losses

	<b>2022 DKK</b>	<b>2021 DKK</b>
Amortisation of intangible assets	8,068,107	12,174,234
Depreciation on property, plant and equipment	580,523	1,084,893
	<b>8,648,630</b>	<b>13,259,127</b>

### 6 Tax on profit/loss for the year

	<b>2022 DKK</b>	<b>2021 DKK</b>
Current tax	(2,980,730)	(3,604,788)
Change in deferred tax	(496,000)	(40,000)
	<b>(3,476,730)</b>	<b>(3,644,788)</b>

### 7 Proposed distribution of profit and loss

	<b>2022 DKK</b>	<b>2021 DKK</b>
Retained earnings	(36,344,888)	(8,250,389)
	<b>(36,344,888)</b>	<b>(8,250,389)</b>

## 8 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	76,502,237	18,274,913
Transfers	25,641,981	(25,641,981)
Additions	0	14,328,773
Disposals	0	(780,000)
<b>Cost end of year</b>	<b>102,144,218</b>	<b>6,181,705</b>
Amortisation and impairment losses beginning of year	(61,795,409)	0
Amortisation for the year	(8,068,107)	0
<b>Amortisation and impairment losses end of year</b>	<b>(69,863,516)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>32,280,702</b>	<b>6,181,705</b>

## 9 Development projects

In 2022, the company developed several different projects. The development remains on the company's cloud platform in order to increase future subscriptions in value both new and existing. In addition, work has been done on a number of new software products.

Significant resources have been spent this year on product development. Based on an individual assessment of the time spent by each employee as well as directly attributable supplier costs, it was estimated that 14.329K DKK of the year's wages and supplier costs have been used for development activities.

The budget shows that development costs will have a short recovery time and significant surpluses are expected in the near future based on our financial estimates.

## 10 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	1,945,978	935,620	412,416
Additions	445,095	0	36,268
<b>Cost end of year</b>	<b>2,391,073</b>	<b>935,620</b>	<b>448,684</b>
Depreciation and impairment losses beginning of year	(1,873,959)	(664,888)	(236,768)
Depreciation for the year	(134,144)	(270,732)	(175,647)
<b>Depreciation and impairment losses end of year</b>	<b>(2,008,103)</b>	<b>(935,620)</b>	<b>(412,415)</b>
<b>Carrying amount end of year</b>	<b>382,970</b>	<b>0</b>	<b>36,269</b>

## 11 Financial assets

	<b>Investments in group enterprises DKK</b>	<b>Deposits DKK</b>
Cost beginning of year	92,871	268,426
Additions	0	5,552,754
<b>Cost end of year</b>	<b>92,871</b>	<b>5,821,180</b>
Impairment losses beginning of year	130,865	0
Disposals on divestments etc.	(25,191)	0
Share of profit/loss for the year	10,297	0
<b>Impairment losses end of year</b>	<b>115,971</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>208,842</b>	<b>5,821,180</b>

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

The increase in deposits consist of deposits at supplier.

## 12 Other receivables

Other receivables consist primarily of cash in deposit account at lawyer in relation to capital increase.

## 13 Tax receivable

The outstanding corporate tax receivable included in the balance sheet relates to the use of the tax credit scheme under section 8X of the Danish Tax Assessment Act, whereby the company receives payment for the tax value of losses resulting from research and development expenses. Based on the review of the criteria for using the scheme, it is management's clear understanding that the company is eligible to use the scheme, and the recognition has been made based on this assessment. There is a risk that the Danish Tax Authority may determine that the conditions for using the scheme have not been met. If so, subsequent financial years will be negatively affected by the reduction of the outstanding corporate tax receivable through "Tax for the year" in the consolidated statement of profit or loss and other comprehensive income.

## 14 Prepayments

Prepayments under assets consist of prepaid expenses, that relates to the following financial year.

## 15 Deferred tax

	<b>2022 DKK</b>	<b>2021 DKK</b>
Intangible assets	8,462,000	7,257,000
Property, plant and equipment	(214,000)	(199,000)
Provisions	(989,000)	(99,000)
Liabilities other than provisions	(1,053,000)	(1,085,000)
Tax losses carried forward	(6,206,000)	(5,378,000)
<b>Deferred tax</b>	<b>0</b>	<b>496,000</b>



	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
<b>Changes during the year</b>		
Beginning of year	496,000	536,000
Recognised in the income statement	(496,000)	(40,000)
<b>End of year</b>	<b>0</b>	<b>496,000</b>

### 16 Other provisions

Other provisions comprise anticipated costs of relocation, non-recourse guarantee commitments and returns.

### 17 Subordinate loan capital

The subordinate loan capital is installment free until October 2024 and will be fully paid by October 2028.

### 18 Convertible and profit-sharing debt instruments

	<b>Amounts outstanding DKK</b>	<b>Interest rate agreed %</b>	<b>Conversion price</b>	<b>Deadline for conversion to equity interests</b>
Convertible debt	18,500,000	6.00	72,400	31.12.2024
	<b>18,500,000</b>			

### 19 Other payables

	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
Holiday pay obligation	2,755,706	2,699,706
	<b>2,755,706</b>	<b>2,699,706</b>

The obligation falls due as employees leave the labor market. The outstanding debt after 5 years has been fixed on the basis of the expectation that the company will pay the due holiday money within 5 years.

### 20 Deferred income

Deferred income comprises income received for recognition in subsequent financial years.

## 21 Non-current liabilities other than provisions

	Due within 12 months 2022 DKK	Due within 12 months 2021 DKK	Due after more than 12 months 2022 DKK	Outstanding after 5 years 2022 DKK
Subordinate loan capital	0	0	7,000,000	2,460,840
Bank loans	0	1,600,000	7,405,800	0
Debt to other credit institutions	4,052,684	2,259,060	21,411,957	0
Convertible and profit-sharing debt instruments	0	0	18,500,000	0
Other payables	0	0	2,755,706	0
Deferred income	0	0	3,353,670	0
	<b>4,052,684</b>	<b>3,859,060</b>	<b>60,427,133</b>	<b>2,460,840</b>

## 22 Other payables

	2022 DKK	2021 DKK
VAT and duties	140,539	4,759,575
Wages and salaries, personal income taxes, social security costs, etc. payable	2,410,543	776,603
Holiday pay obligation	1,264,332	1,283,822
Other costs payable	(2,414)	83,807
	<b>3,813,000</b>	<b>6,903,807</b>

## 23 Deferred income

Deferred income comprises income received for recognition in the following financial year.

## 24 Unrecognised rental and lease commitments

	2022 DKK	2021 DKK
Total liabilities under rental or lease agreements until maturity	3,935,000	870,000

## 25 Assets charged and collateral

Bank loans to Danske Bank are secured by way of a deposited mortgage deed registered to the mortgagor on company charge of TDKK 10.000 nominal.

Bank loans to Vækstfonden are secured by way of a deposited mortgage deed registered to the mortgagor on company charge of TDKK 14.000 nominal.

The carrying amount of mortgaged company charge is TDKK 66.976.

## 26 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

# Accounting policies

## Reporting class

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

## Changes in accounting policies

The Entity has changed its accounting policies with regard to presentation of own work capitalized and regarding cash flow statement.

The change in accounting policies regarding own work capitalized has not led to a decrease or increase in equity, assets or liabilities. Own work capitalized was previous shown as a deduct of staff cost, but is now presented on a seperate line, as part of gross profit.

The comparative figures have been restated following the change in accounting policies.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistent with last year with minor reclassifications.

## Recognition and measurement

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

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

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

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

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

## Consolidated financial statements

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

## Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on

transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

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

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

### **Foreign currency translation**

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

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

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

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

### **Income statement**

#### **Gross profit or loss**

Gross profit or loss comprises revenue, changes in inventories of finished goods, other operating income, costs of raw materials and consumables and external expenses.

#### **Revenue**

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

**Own work capitalised**

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets.

**Other operating income**

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

**Cost of sales**

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

**Other external expenses**

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

**Staff costs**

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

**Depreciation, amortisation and impairment losses**

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

**Income from investments in group enterprises**

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

**Other financial income**

Other financial income comprises interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies and tax relief under the Danish Tax Prepayment Scheme etc.

**Other financial expenses**

Other financial expenses comprise interest expenses, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

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

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

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

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights and acquired intellectual property rights.

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

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

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

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. The amortisation periods used are 4-5 years.

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

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

Plant and machinery, and other fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

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

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

	<b>Useful life</b>
Plant and machinery	3-5 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

Estimated useful lives and residual values are reassessed annually.

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

### **Investments in group enterprises**

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive

obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

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

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

### **Inventories**

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

### **Receivables**

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

### **Tax payable or receivable**

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

### **Prepayments**

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

### **Cash**

Cash comprises bank deposits.

### **Deferred tax**

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

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

### **Other provisions**

Other provisions comprise anticipated costs of non-recourse guarantee commitments and returns.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within

the guarantee period.

**Other financial liabilities**

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

**Prepayments received from customers**

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

**Deferred income**

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

**Cash flow statement**

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

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

Cash flows from investing activities comprise payments in connection with purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

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

Cash and cash equivalents comprise cash.