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Airtame ApS

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

Annual report 2023

The Annual General Meeting adopted the annual report on 26.06.2024

Peter Granild Colsted
Chairman of the General Meeting

Contents

Entity details

Entity

Airtame ApS
Langebrogade 6, 2.
1411 København K

Business Registration No.: 35478973
Registered office: København
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Peter Granild Colsted, Chairman
Jacob Arup Bratting Pedersen
Tommy Frejlev Andersen
Jonas Mains Gyalokay
Martin Kaas Haislund

Executive Board

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 01.01.2023 - 31.12.2023.

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 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023.

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, 26.06.2024

Executive Board

Susanne Lund
CEO

Board of Directors

Peter Granild Colsted
Chairman

Jacob Arup Bratting Pedersen

Tommy Frejlev Andersen

Jonas Mains Gyalokay

Martin Kaas Haislund

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 01.01.2023 - 31.12.2023, 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 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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

We refer to note 1 to the financial statements, which states that it a prerequisite for the Entity's continued operations that the current operating and liquidity budget can be met and that additional funding can be obtained through either new capital or conversion of existing debt to reduce interest-bearing debt.

In presenting the financial statements, Management assumed that budget assumptions can be met and that the necessary funding will be obtained, for which reason the financial statements have been presented on a going concern basis. As stated in note 1, these prerequisites indicates that a material uncertainty exists that might cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion has not been modified with respect to this matter.

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 by relevant law and regulations.

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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 26.06.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Mads Fauerskov
State Authorised Public Accountant
Identification No (MNE) mne35428

Rasmus Volert Madsen
State Authorised Public Accountant
Identification No (MNE) mne45822

Management commentary

Financial highlights

	2023 DKK'000	2022 DKK'000	2021 DKK'000	2020 DKK'000	2019 DKK'000
Key figures					
Gross profit/loss	24,793	35,133	50,221	29,260	49,185
Operating profit/loss	(29,812)	(39,509)	(12,897)	(27,117)	368
Net financials	(6,740)	(3,143)	1,045	(2,524)	(1,607)
Profit/loss for the year	(34,733)	(39,264)	(8,250)	(22,217)	(1,058)
Balance sheet total	75,688	108,323	93,303	63,571	57,519
Investments in property, plant and equipment	19	665	202	221	1,615
Equity	(48,928)	(14,836)	24,251	(13,065)	5,869
Cash flows from operating activities	(17,359)	(16,906)	(23,817)	(4,520)	23,486
Cash flows from investing activities	(19)	(19,763)	(16,168)	(13,577)	(15,630)
Cash flows from financing activities	11,128	32,133	33,448	29,650	(1,299)
Ratios					
Equity ratio (%)	(64.64)	(13.70)	25.99	(20.55)	10.20

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

Equity ratio (%):
Equity * 100
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

2023 has been a year of transition for Airtame. The company successfully continued its strategy of becoming a SaaS BtB (Software as a Service Business to Business) company and implemented significant cost savings to ensure a sustainable business model going forward. Subscription revenue increased from DKK 16 million in 2022 to over DKK 21 million in 2023.

Operating loss amounted to DKK -29.8 million, an improvement from DKK -39.5 million in 2022, primarily due to a lower cost base. The net result for the year showed a loss of DKK 34.7 million, compared to a loss of DKK 39.3 million in 2022, as the company is heavily impacted by debt and hence high interest costs due to increased interest rates.

Airtame's balance sheet indicates total assets of DKK 75,7 million and equity of DKK -48.9 million. Compared to 2022, assets decreased by DKK 32.6 million, and equity decreased by DKK 39.1 million. This decline in assets is due to lower inventory and a decrease in receivables, and the lower equity is attributed to the negative performance in 2023. Additionally, short-term liabilities increased in 2023, primarily due to additional convertible notes.

Airtame faces various internal and external risks, which are outlined below.

Financial risks

Liquidity risk arises from the Company's potential inability or difficulty in meeting its financial obligations due to insufficient liquidity. Airtame currently maintains a balance in cash flow from operating activities and anticipates bolstering this position through business growth in alignment with its strategy to transition into a full SaaS B2B business. However, the company is encumbered by significant interest-bearing debt, which it must begin servicing in Q4 2024 in accordance with existing loan agreements. There is a risk that without renegotiation of terms for the interest- bearing debt, or external funding, the company may face cash shortage by the end of the year.

Foreign currency risk refers to the possibility that the fair value of future cash fl ows may vary due to fl uctuations in foreign exchange rates, particularly concerning the US dollar. Airtame's exposure to this risk arises from revenue and expenses denominated in foreign currency, primarily the US dollar. The company manages this exposure by conducting transactions in the same currency for both payments and receipt. Airtame does not perform any hedging activities.

Interest rate risk refers to the possibility that the fair value or future cash fl ows of a fi nancial instrument may fluctuate due to changes in market interest rates. Airtame's exposure to interest rate risk primarily stems from loans and debts, including both short-term and long-term obligations.

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 lies in the company's access to and the stability of its cloud platform. Continuous efforts are directed towards maintaining high uptime and enhancing security measures against fraud, external attacks, and misuse.

Profit/loss for the year in relation to expected developments
The annual result for 2023 is lower than expected, primarily impacted by the transition in the business model from hardware to subscription taking longer than anticipated

Outlook
The anticipated operating loss for 2024 is expected to be in the range of minus DKK 15-20 million. The primary focus remains on the ongoing conversion of the business into a SaaS B2B company, with efforts directed towards building a subscription base and consequently increasing revenue from software, albeit at the short-term expense of profitability.

The liquidity situation in 2024 will be contingent upon sales driven by the continued transition to a subscription-based business model, along with a revised plan for managing the interest-bearing debt. See note 1 for further info related to the liquidity situation.

Knowledge resources
As a market leader, Airtame aspires to be at the forefront of technological advancement, resulting in a dynamic and rapidly evolving knowledge landscape within the company. Consequently, Airtame continuously enriches its competencies in pertinent domains, with a specific emphasis on software development and subscription-based business models.

Environmental performance
Airtame has an ambition to reduce the environmental and climate impact of the company's activities. Focus is on using sustainable materials for the company's hardware products, such as recycled plastic and energy-efficient solutions.

Research and development activities
Also in 2023, 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 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss	2	**24,793,281**	**35,132,685**
Staff costs	3	(45,423,024)	(65,806,848)
Depreciation, amortisation and impairment losses	4	(9,182,523)	(8,835,140)
Operating profit/loss		**(29,812,266)**	**(39,509,303)**
Other financial income	5	776,162	1,721,528
Other financial expenses	6	(7,515,727)	(4,864,147)
Profit/loss before tax		**(36,551,831)**	**(42,651,922)**
Tax on profit/loss for the year	7	1,818,847	3,387,612
Profit/loss for the year	8	**(34,732,984)**	**(39,264,310)**

Consolidated balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Completed development projects	10	23,275,408	32,280,702
Development projects in progress	10	14,536,401	6,181,705
Intangible assets	9	**37,811,809**	**38,462,407**
Plant and machinery		234,605	382,970
Other fixtures and fittings, tools and equipment		0	0
Leasehold improvements		26,195	36,269
Property, plant and equipment	11	**260,800**	**419,239**
Deposits		2,756,386	5,999,222
Financial assets	12	**2,756,386**	**5,999,222**
Fixed assets		**40,828,995**	**44,880,868**
Manufactured goods and goods for resale		19,903,144	24,226,488
Inventories		**19,903,144**	**24,226,488**
Trade receivables		9,781,708	7,835,744
Other receivables		166,005	18,523,964
Tax receivable	13	1,838,033	2,980,730
Prepayments	14	1,304,128	1,758,770
Receivables		**13,089,874**	**31,099,208**
Cash		**1,866,139**	**8,116,116**
Current assets		**34,859,157**	**63,441,812**
Assets		**75,688,152**	**108,322,680**

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		159,600	159,600
Translation reserve		(467,817)	(441,357)
Retained earnings		(48,620,040)	(14,554,166)
Equity		**(48,928,257)**	**(14,835,923)**
Other provisions	15	2,498,591	2,865,000
Provisions		**2,498,591**	**2,865,000**
Subordinate loan capital	16	7,000,000	7,000,000
Bank loans		5,293,429	7,405,800
Debt to other credit institutions		26,827,779	21,411,957
Convertible and profit-sharing debt instruments		4,120,000	18,500,000
Other payables	18	2,842,224	2,755,706
Deferred income	19	2,395,479	3,353,670
Non-current liabilities other than provisions	20	**48,478,911**	**60,427,133**
Current portion of non-current liabilities other than provisions	20	22,685,558	5,484,639
Bank loans		10,326,836	6,847,838
Payables to other credit institutions		13,761	7,435
Prepayments received from customers		135,880	183,128
Trade payables		16,322,290	29,487,024
Other payables		3,317,885	5,775,940
Deferred income	21	20,836,697	12,080,466
Current liabilities other than provisions		**73,638,907**	**59,866,470**
Liabilities other than provisions		**122,117,818**	**120,293,603**
Equity and liabilities		**75,688,152**	**108,322,680**
Going concern	1		
Unrecognised rental and lease commitments	23		
Contingent assets	24		
Assets charged and collateral	25		
Non-arm's length related party transactions	26		
Subsidiaries	27		

Consolidated statement of changes in equity for 2023

	Contributed capital DKK	Translation reserve DKK	Retained earnings DKK	Total DKK
Equity beginning of year	159,600	(441,357)	(14,554,166)	(14,835,923)
Exchange rate adjustments	0	(26,460)	0	(26,460)
Other entries on equity	0	0	667,110	667,110
Profit/loss for the year	0	0	(34,732,984)	(34,732,984)
Equity end of year	**159,600**	**(467,817)**	**(48,620,040)**	**(48,928,257)**

At the end of 2023, the equity of Airtame was negative at DKK 48.9 million. However, if the subordinate loan and convertible note are included as equity, the equity would be adjusted to DKK -18.2 million.

Equity:	DKK -48,928t
Subordinate loan:	DKK 7,000t
Convertible note:	DKK 23,730t
Total:	DKK -18.198t

Consolidated cash flow statement for 2023

	Notes	2023 DKK	2022 DKK
Operating profit/loss		(29,812,266)	(39,509,303)
Amortisation, depreciation and impairment losses		9,182,523	8,835,140
Writedown of current assets		121,500	0
Working capital changes	22	14,640,954	13,218,023
Capitalised development cost		(8,354,696)	0
Other adjustments		763,969	177,582
Cash flow from ordinary operating activities		**(13,458,016)**	**(17,278,558)**
Financial income received		2,992	1,721,528
Financial expenses paid		(6,865,874)	(4,864,147)
Taxes refunded/(paid)		2,961,544	3,515,670
Cash flows from operating activities		**(17,359,354)**	**(16,905,507)**
Acquisition etc. of intangible assets		0	(19,097,029)
Acquisition etc. of property, plant and equipment		(18,790)	(445,095)
Acquisition of fixed asset investments		0	(220,391)
Cash flows from investing activities		**(18,790)**	**(19,762,515)**
Free cash flows generated from operations and investments before financing		**(17,378,144)**	**(36,668,022)**
Loans raised		14,217,664	32,133,151
Repayments of loans etc.		(3,089,497)	0
Cash flows from financing activities		**11,128,167**	**32,133,151**
Increase/decrease in cash and cash equivalents		**(6,249,977)**	**(4,534,871)**
Cash and cash equivalents beginning of year		8,116,116	12,650,987
Cash and cash equivalents end of year		**1,866,139**	**8,116,116**
Cash and cash equivalents at year-end are composed of:			
Cash		1,866,139	8,116,116
Cash and cash equivalents end of year		**1,866,139**	**8,116,116**

Notes to consolidated financial statements

1 Going concern

If the events described below will occur, which is managements expectation, the Group's operational and cash flow budgets shows sufficient capital to continue operations.

For 2024, the Group's budgets and cash flow models must be adhered to, and existing interest-bearing debt of 23 - 25 million DKK (primarily convertible notes) must be renegotiated or converted before the company has the necessary liquidity to service its obligations for the remainder of 2024.

The Company rely on obtaining new terms on existing credit at the bank, and conversion or extension of convertible notes. If the budgets and new terms on credit lines are not met, the need for liquidity for 2024 can amount to more than 3-5 m.DKK. Furthermore, if convertible notes are not renegotiated or converted, the liquidity need will increase with additional 20 m.DKK

Management's assessment is that there are significant assumptions underlying the going concern assessment that have not been achieved at the time of the 2023 annual report, resulting in significant uncertainty.

Throughout 2024 and 2025 it is imperative to secure an overall renegotiating of interest-bearing liabilities. The exclusive purpose of this financing is to facilitate timely payments on existing loans and ensure a capital structure that allows the company to complete the transformation to a SaaS B2B company.

Operations are expected to be cash positive in 2024-2025 when disregarding loan installments. The management holds a positive outlook in achieving budget targets and renegotiating loans. Furthermore, it is anticipated that the convertible debt within the Entity will be converted or extended, and the agreed credit at the bank will be maintained. However, continuing as a going concern requires that the Group's operating and cash budgets are observed.

As stated in the management commentary, the Group is encumbered by significant interest-bearing debt, which it must begin servicing in Q4 2024 in accordance with existing loan agreements. The Group needs to renegotiate interest-bearing liabilities in the region of DKK 40-50m to ensure a capital structure that provide the sufficient liquidity to continue operations for the forthcoming years.

It is Management's expectation that they will be able to obtain the sufficient support from existing loan providers.

A revised forecast for 2024-2025 has been prepared to support the above. The forecast is based on the pipeline of sales existing at the end of May 2024. Moreover, the expense structure has been recalibrated to align with the anticipated revenue outlined in the budget, thereby ensuring sufficient financial resources are in place for the remainder of 2024 without the need for supplementary external capital infusion other than the above mentioned renegotiating, or conversion of debt in 2024 in the amount 23-25 m.DKK, To ensure long term financial resources it is a prerequisite that an overall renegotiating, or conversion of interest-bearing liabilities are obtained, Based on the above initiatives, which for 2024 includes renegotiating or conversion of existing debt of 23-25 m.DKK and that the Company meet the outlined budgets, Management expects that the necessary support will be provided and has therefore presented the financial statements on a going concern basis. However, attention should be paid to the material uncertainty inherently attached to this assessment.

2 Gross profit/loss

Other operating income includes, but are not limited to EU grants and own work capitalized. Grants amounts to 1,432 TDKK in 2023, and 2,922 TDKK in 2022. Own work capitalized amounts to 8,355 TDKK in 2023, and 13,549 TDKK in 2022.

3 Staff costs

	2023 DKK	2022 DKK
Wages and salaries	41,105,958	59,476,708
Pension costs	1,940,163	2,530,727
Other social security costs	2,376,903	3,728,396
Other staff costs	0	71,017
	45,423,024	**65,806,848**

Number of employees at balance sheet date	**50**	**72**

	Remuneration of management 2023 DKK	Remuneration of management 2022 DKK
Executive Board	2,783,780	7,270,761
	2,783,780	**7,270,761**

Special incentive programmes

The company has introduced incentive programs aimed to retain certain key employees. The total number of warrants issued per 31.12.2023 to key employees is nominally DKK 19,592.00 under three programs and is respectively nominally 3,024.00 DKK ("2018 Warrant Program"), nominally 6,305.00 DKK ("2019 Warrant Program") and nominally 10,263.00 DKK ("2022 Warrant Program"). Each warrant issued entitles the holder to subscribe for one 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 programs the warrants share options may be exercised in event of certain events but will lapse if no such event occurred before 2032 or, in case of (a) and (b), after a 120 months' period beginning 4 years after the grant of the relevant warrants.

4 Depreciation, amortisation and impairment losses

	2023 DKK	2022 DKK
Amortisation of intangible assets	9,005,294	8,068,107
Depreciation on property, plant and equipment	177,229	767,033
	9,182,523	**8,835,140**

5 Other financial income

	2023 DKK	2022 DKK
Other interest income	0	194
Exchange rate adjustments	773,170	1,721,334
Other financial income	2,992	0
	776,162	**1,721,528**

6 Other financial expenses

	2023 DKK	2022 DKK
Other interest expenses	6,266,177	2,700,577
Exchange rate adjustments	646,861	1,592,526
Other financial expenses	602,689	571,044
	7,515,727	**4,864,147**

7 Tax on profit/loss for the year

	2023 DKK	2022 DKK
Current tax	(1,818,847)	(2,891,612)
Change in deferred tax	0	(496,000)
	(1,818,847)	**(3,387,612)**

8 Proposed distribution of profit/loss

	2023 DKK	2022 DKK
Retained earnings	(34,732,984)	(39,264,310)
	(34,732,984)	**(39,264,310)**

9 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	102,144,218	6,181,705
Additions	0	8,354,696
Cost end of year	**102,144,218**	**14,536,401**
Amortisation and impairment losses beginning of year	(69,863,516)	0
Amortisation for the year	(9,005,294)	0
Amortisation and impairment losses end of year	**(78,868,810)**	**0**
Carrying amount end of year	**23,275,408**	**14,536,401**

10 Development projects

In 2023, 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 8.355K 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 surpluses are expected in the near future based on our financial estimates.

11 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	2,391,073	1,518,113	448,684
Additions	0	18,790	0
Disposals	0	(14,716)	(412,415)
Cost end of year	**2,391,073**	**1,522,187**	**36,269**
Depreciation and impairment losses beginning of year	(2,008,103)	(1,518,113)	(412,415)
Depreciation for the year	(148,365)	(18,790)	(10,074)
Reversal regarding disposals	0	14,716	412,415
Depreciation and impairment losses end of year	**(2,156,468)**	**(1,522,187)**	**(10,074)**
Carrying amount end of year	**234,605**	**0**	**26,195**

12 Financial assets

	Deposits DKK
Cost beginning of year	5,999,222
Disposals	(3,242,836)
Cost end of year	**2,756,386**
Carrying amount end of year	**2,756,386**

Deposits consist of deposits at supplier.

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 AssessmentAct, whereby the company receives payment for the tax value of losses resulting from research and development expenses. Based on the review of the criteria forusing 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 thisassessment. 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 financialyears will be negatively affected by the reduction of the outstanding corporate tax receivable through "Tax for the year" in the consolidated statement of profit orloss and other comprehensive income.

14 Prepayments

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

15 Other provisions

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

16 Subordinate loan capital

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

17 Convertible and profit-sharing debt instruments

	Amounts outstanding DKK	Interest rate agreed %	Conversion price	Deadline for conversion to equity interests
Convertible debt	4,120,000	12.00	17,500	31.10.2025
	4,120,000			

18 Other payables

	2023 DKK	2022 DKK
Holiday pay obligation	2,842,224	2,755,706
	2,842,224	**2,755,706**

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 not pay the due holiday money within 5 years.

19 Deferred income

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

20 Non-current liabilities other than provisions

	Due within 12 months 2023 DKK	Due within 12 months 2022 DKK	Due after more than 12 months 2023 DKK	Outstanding after 5 years 2023 DKK
Subordinate loan capital	0	0	7,000,000	0
Bank loans	2,117,371	0	5,293,429	0
Debt to other credit institutions	0	4,052,684	26,827,779	0
Convertible and profit-sharing debt instruments	19,610,000	0	4,120,000	0
Other payables	0	0	2,842,224	2,842,224
Deferred income	958,187	1,431,955	2,395,479	0
	22,685,558	**5,484,639**	**48,478,911**	**2,842,224**

21 Deferred income

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

22 Changes in working capital

	2023 DKK	2022 DKK
Increase/decrease in inventories	4,323,343	(21,147,281)
Increase/decrease in receivables	19,987,972	11,992,656
Increase/decrease in trade payables etc.	(9,670,361)	22,372,648
	14,640,954	**13,218,023**

23 Unrecognised rental and lease commitments

	2023 DKK	2022 DKK
Total liabilities under rental or lease agreements until maturity	2,691,229	3,971,000

24 Contingent assets

The company has an unrecognized deferred tax asset amounting to 13,491k due to a tax loss carry forward. The company has recognized the asset at 0 kr. in the financial statements, based on the company's assessment of its ability to utilize the loss in the near future and in accordance with the principle of prudence.

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 EIFO 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 63,299.

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.

27 Subsidiaries

	Registered in	Corporate form	Ownership %
Airtame US	New York	Inc.	100.00
Airtame HU	Budapest	Ltd.	100.00

Parent income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss	2	**5,856,806**	**10,472,427**
Staff costs	3	(27,840,323)	(41,693,760)
Depreciation, amortisation and impairment losses	4	(9,163,733)	(8,648,630)
Operating profit/loss		**(31,147,250)**	**(39,869,963)**
Income from investments in group enterprises		47,247	3,352,579
Other financial income		776,162	1,721,528
Other financial expenses	5	(7,819,374)	(5,025,762)
Profit/loss before tax		**(38,143,215)**	**(39,821,618)**
Tax on profit/loss for the year	6	1,838,033	3,476,730
Profit/loss for the year	7	**(36,305,182)**	**(36,344,888)**

Parent balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Completed development projects	9	23,275,408	32,280,702
Development projects in progress	9	14,536,401	6,181,705
Intangible assets	8	**37,811,809**	**38,462,407**
Plant and machinery		234,605	382,970
Other fixtures and fittings, tools and equipment		0	0
Leasehold improvements		26,195	36,269
Property, plant and equipment	10	**260,800**	**419,239**
Investments in group enterprises		231,233	208,842
Deposits		2,756,386	5,821,180
Financial assets	11	**2,987,619**	**6,030,022**
Fixed assets		**41,060,228**	**44,911,668**
Manufactured goods and goods for resale		19,677,102	23,527,982
Inventories		**19,677,102**	**23,527,982**
Trade receivables		5,575,688	4,566,632
Receivables from group enterprises		0	48,491
Other receivables		88,320	18,499,999
Tax receivable	12	1,838,033	2,980,730
Prepayments	13	1,263,719	1,608,962
Receivables		**8,765,760**	**27,704,814**
Cash		**1,321,957**	**6,010,643**
Current assets		**29,764,819**	**57,243,439**
Assets		**70,825,047**	**102,155,107**

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		159,600	159,600
Translation reserve		(441,357)	(441,357)
Reserve for development costs		29,493,211	30,000,677
Retained earnings		(77,433,137)	(41,635,421)
Equity		**(48,221,683)**	**(11,916,501)**
Other provisions	14	2,498,591	2,568,079
Provisions		**2,498,591**	**2,568,079**
Subordinate loan capital	15	7,000,000	7,000,000
Bank loans		5,293,429	7,405,800
Debt to other credit institutions		26,827,779	21,411,957
Convertible and profit-sharing debt instruments	16	4,120,000	18,500,000
Other payables	17	2,842,224	2,755,706
Deferred income	18	2,395,479	3,353,670
Non-current liabilities other than provisions	19	**48,478,911**	**60,427,133**
Current portion of non-current liabilities other than provisions	19	22,685,558	5,484,639
Bank loans		10,326,836	6,847,838
Payables to other credit institutions		13,761	7,435
Prepayments received from customers		135,880	183,128
Trade payables		16,177,533	29,671,304
Payables to group enterprises		9,882,459	534,291
Other payables	20	2,076,289	3,813,000
Deferred income	21	6,770,912	4,534,761
Current liabilities other than provisions		**68,069,228**	**51,076,396**
Liabilities other than provisions		**116,548,139**	**111,503,529**
Equity and liabilities		**70,825,047**	**102,155,107**
Going concern	1		
Unrecognised rental and lease commitments	22		
Contingent assets	23		
Assets charged and collateral	24		
Non-arm's length related party transactions	25		

Parent statement of changes in equity for 2023

	Contributed capital DKK	Translation reserve DKK	Reserve for development costs DKK	Retained earnings DKK	Total DKK
Equity beginning of year	159,600	(441,357)	30,000,677	(41,635,421)	(11,916,501)
Transfer to reserves	0	0	(507,466)	507,466	0
Profit/loss for the year	0	0	0	(36,305,182)	(36,305,182)
Equity end of year	**159,600**	**(441,357)**	**29,493,211**	**(77,433,137)**	**(48,221,683)**

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.

At the end of 2023, the equity of Airtame was negative at DKK 48.2 million. However, if the subordinate loan and convertible note are included as equity, the equity would be adjusted to DKK -17.4 million.
Equity: DKK -48,222t
Subordinate loan: DKK 7,000t
Convertible note: DKK 23,730t
Total: DKK -17.492t

Notes to parent financial statements

1 Going concern

If the events described below will occur, which is managements expectation, the Group's operational and cash flow budgets shows sufficient capital to continue operations.

For 2024, the Group's budgets and cash flow models must be adhered to, and existing interest-bearing debt of 23 - 25 million DKK (primarily convertible notes) must be renegotiated or converted before the company has the necessary liquidity to service its obligations for the remainder of 2024.

The Company rely on obtaining new terms on existing credit at the bank, and conversion or extension of convertible notes. If the budgets and new terms on credit lines are not met, the need for liquidity for 2024 can amount to more than 3-5 m.DKK. Furthermore, if convertible notes are not renegotiated or converted, the liquidity need will increase with additional 20 m.DKK.

Management's assessment is that there are significant assumptions underlying the going concern assessment that have not been achieved at the time of the 2023 annual report, resulting in significant uncertainty.

Throughout 2024 and 2025 it is imperative to secure an overall renegotiating of interest-bearing liabilities. The exclusive purpose of this financing is to facilitate timely payments on existing loans and ensure a capital structure that allows the company to complete the transformation to a SaaS B2B company.

Operations are expected to be cash positive in 2024-2025 when disregarding loan installments. The management holds a positive outlook in achieving budget targets and renegotiating loans. Furthermore, it is anticipated that the convertible debt within the Entity will be converted or extended, and the agreed credit at the bank will be maintained. However, continuing as a going concern requires that the Group's operating and cash budgets are observed.

As stated in the management commentary, the Group is encumbered by significant interest-bearing debt, which it must begin servicing in Q4 2024 in accordance with existing loan agreements. The Group needs to renegotiate interest-bearing liabilities in the region of DKK 40-50m to ensure a capital structure that provide the sufficient liquidity to continue operations for the forthcoming years.

It is Management's expectation that they will be able to obtain the sufficient support from existing loan providers.

A revised forecast for 2024-2025 has been prepared to support the above. The forecast is based on the pipeline of sales existing at the end of May 2024. Moreover, the expense structure has been recalibrated to align with the anticipated revenue outlined in the budget, thereby ensuring sufficient financial resources are in place for the remainder of 2024 without the need for supplementary external capital infusion other than the above mentioned renegotiating, or conversion of debt in 2024 in the amount 23-25 m.DKK, To ensure long term financial resources it is a prerequisite that an overall renegotiating, or conversion of interest-bearing liabilities are obtained, Based on the above initiatives, which for 2024 includes renegotiating or conversion of existing debt of 23-25 m.DKK and that the Company meet the outlined budgets, Management expects that the necessary support will be provided and has therefore presented the financial statements on a going concern basis. However, attention should be paid to the material uncertainty inherently attached to this assessment.

2 Gross profit/loss

Other operating income includes, but are not limited to EU grants and own work capitalized. Grants amounts to 1,432 TDKK in 2023, and 2,922 TDKK in 2022. Own work capitalized amounts to 8,355 TDKK in 2023, and 13,549 TDKK in 2022.

3 Staff costs

	2023 DKK	**2022 DKK**
Wages and salaries	25,630,095	38,825,371
Pension costs	1,918,418	2,530,727
Other social security costs	291,810	337,662
	27,840,323	**41,693,760**

Average number of full-time employees	**31**	**50**

	Remuneration of Management 2023 DKK	**Remuneration of Management 2022 DKK**
Executive Board	2,783,780	7,270,761
	2,783,780	**7,270,761**

Special incentive programmes

The company has introduced incentive programs aimed to retain certain key employees. The total number of warrants issued per 31.12.2023 to key employees is nominally DKK 19,592.00 under three programs and is respectively nominally 3,024.00 DKK ("2018 Warrant Program"), nominally 6,305.00 DKK ("2019 Warrant Program") and nominally 10,263.00 DKK ("2022 Warrant Program"). Each warrant issued entitles the holder to subscribe for one 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 programs the warrants share options may be exercised in event of certain events but will lapse if no such event occurred before 2032 or, in case of (a) and (b), after a 120 months' period beginning 4 years after the grant of the relevant warrants.

4 Depreciation, amortisation and impairment losses

	2023 DKK	2022 DKK
Amortisation of intangible assets	9,005,294	8,068,107
Depreciation on property, plant and equipment	158,439	580,523
	9,163,733	**8,648,630**

5 Other financial expenses

	2023 DKK	2022 DKK
Financial expenses from group enterprises	83,673	0
Other interest expenses	5,871,037	2,684,608
Exchange rate adjustments	1,261,975	1,770,110
Other financial expenses	602,689	571,044
	7,819,374	**5,025,762**

6 Tax on profit/loss for the year

	2023 DKK	2022 DKK
Current tax	(1,838,033)	(2,980,730)
Change in deferred tax	0	(496,000)
	(1,838,033)	**(3,476,730)**

7 Proposed distribution of profit and loss

	2023 DKK	2022 DKK
Retained earnings	(36,305,182)	(36,344,888)
	(36,305,182)	**(36,344,888)**

8 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	102,144,218	6,181,705
Additions	0	8,354,696
Cost end of year	**102,144,218**	**14,536,401**
Amortisation and impairment losses beginning of year	(69,863,516)	0
Amortisation for the year	(9,005,294)	0
Amortisation and impairment losses end of year	**(78,868,810)**	**0**
Carrying amount end of year	**23,275,408**	**14,536,401**

9 Development projects

In 2023, 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 8.355K 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 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	2,391,073	935,620	448,684
Disposals	0	(14,716)	(412,415)
Cost end of year	**2,391,073**	**920,904**	**36,269**
Depreciation and impairment losses beginning of year	(2,008,103)	(935,620)	(412,415)
Depreciation for the year	(148,365)	0	(10,074)
Reversal regarding disposals	0	14,716	412,415
Depreciation and impairment losses end of year	**(2,156,468)**	**(920,904)**	**(10,074)**
Carrying amount end of year	**234,605**	**0**	**26,195**

11 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	92,871	5,821,180
Disposals	(25,191)	(3,064,794)
Cost end of year	**67,680**	**2,756,386**
Revaluations beginning of year	115,971	0
Share of profit/loss for the year	115,573	0
Investments with negative equity value depreciated over receivables	(7,126)	0
Other adjustments	(60,865)	0
Revaluations end of year	**163,553**	**0**
Carrying amount end of year	**231,233**	**2,756,386**

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

Deposits consist of deposits at supplier.

12 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 AssessmentAct, whereby the company receives payment for the tax value of losses resulting from research and development expenses. Based on the review of the criteria forusing 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 thisassessment. 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 financialyears will be negatively affected by the reduction of the outstanding corporate tax receivable through "Tax for the year" in the consolidated statement of profit orloss and other comprehensive income.

13 Prepayments

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

14 Other provisions

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

15 Subordinate loan capital

The subordinate loan capital is installment free until October 2024 and will be fully paid by October 2028. The payment due in 2024 is presented as current portion of non-current liabilities.

16 Convertible and profit-sharing debt instruments

	Amounts outstanding DKK	Interest rate agreed %	Conversion price	Deadline for conversion to equity interests
Convertible debt	4,120,000	12.00	17,500	31.10.2025
	4,120,000			

17 Other payables

	2023 DKK	2022 DKK
Holiday pay obligation	2,842,224	2,755,706
	2,842,224	**2,755,706**

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 not pay the due holiday money within 5 years.

18 Deferred income

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

19 Non-current liabilities other than provisions

	Due within 12 months 2023 DKK	Due within 12 months 2022 DKK	Due after more than 12 months 2023 DKK	Outstanding after 5 years 2023 DKK
Subordinate loan capital	0	0	7,000,000	0
Bank loans	2,117,371	0	5,293,429	0
Debt to other credit institutions	0	4,052,684	26,827,779	0
Convertible and profit-sharing debt instruments	19,610,000	0	4,120,000	0
Other payables	0	0	2,842,224	2,842,224
Deferred income	958,187	1,431,955	2,395,479	0
	22,685,558	**5,484,639**	**48,478,911**	**2,842,224**

20 Other payables

	2023 DKK	2022 DKK
VAT and duties	0	140,539
Wages and salaries, personal income taxes, social security costs, etc. payable	1,252,222	2,398,129
Holiday pay obligation	824,067	1,264,332
Other costs payable	0	10,000
	2,076,289	**3,813,000**

21 Deferred income

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

22 Unrecognised rental and lease commitments

	2023 DKK	2022 DKK
Total liabilities under rental or lease agreements until maturity	2,691,229	3,935,000

23 Contingent assets

The company has an unrecognized deferred tax asset amounting to 13,491k due to a tax loss carry forward. The company has recognized the asset at 0 kr. in the financial statements, based on the company's assessment of its ability to utilize the loss in the near future and in accordance with the principle of prudence.

24 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 EIFO 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 63,299.

25 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).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year, but 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, own work capitalized, changes in inventories of finished goods, other operating income, costs of raw materials and consumables, cost of sales 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, including rental income, grants and salary refunds.

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

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:

	Useful life
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.

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.