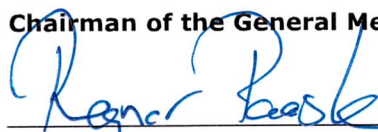


**NPC Tech ApS**  
Smedeholm 13 A, 1. th.  
2730 Herlev  
Central Business Registration No  
36052651

## **Annual report 2016**

The Annual General Meeting adopted the annual report on 09.05.2017

**Chairman of the General Meeting**



Name: Regnar Ingwersen Paaske

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## Entity details

### Entity

NPC Tech ApS  
Smedeholm 13 A, 1. th.  
2730 Herlev

Central Business Registration No: 36052651

Registered in: Herlev

Financial year: 01.01.2016 - 31.12.2016

### Board of Directors

Mickey Pierre Madsen, formand  
Jørgen Vilhelm Løvenørn Bardenfleth  
Richard Breiter  
Michael Andreas Esbern Andersen

### Executive Board

Mickey Pierre Madsen  
Regnar Ingwersen Paaske

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
Postboks 1600  
0900 København C

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of NPC Tech ApS for the financial year 01.01.2016 - 31.12.2016.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

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.

Herlev, 09.05.2017


### Executive Board

  
Mickey Pierre Madsen

  
Regnar Ingwersen Paaske


### Board of Directors

  
Mickey Pierre Madsen

  
Jørgen Vilhelm Løvenørn  
Bardenfleth

  
Richard Breiter

formand

  
Michael Andreas Esbern  
Andersen

# Independent auditor's report

## To the shareholders of NPC Tech ApS

### Opinion

We have audited the financial statements of NPC Tech ApS for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 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 financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the 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 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 financial statements

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

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

## Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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.

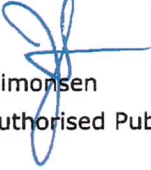
## Independent auditor's report


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

Copenhagen, 09.05.2017

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No: 33963556

  
Jacob Simonsen  
State Authorised Public Accountant

  
Martin Bødker Ravn  
State Authorised Public Accountant

## Management commentary

### Primary activities

NPC Tech ApS' purpose is to research, develop and produce power supplies with a breakthrough technology. The company develops cutting-edge power supplies with the expectation to set new standards for power conversion in billions of everyday products starting with LED lights. The innovative technology platform is set to double the lifetime and enable five times smaller power supplies compared to existing technology.

Through its fully owned subsidiary Nordic Power Converters ApS, the company works closely with its business partners, LED fixture manufacturers producing quality LED luminaires in significant numbers, to provide them competitive advantages and benefits for the end-customers in the form of lower cost of ownership, higher reliability and better design.

### Development in activities and finances

The team consists of 10 employees plus interns, PhD's and consultants and comprise globally unique knowledge in very high frequency power supplies. Further to patents pending via a tech transfer agreement, the company has filed additional patent applications and holds an attractive pipeline to continue doing so.

The developed technology contains multiple building blocks enabling optimization of products and solutions. The company improved the specifications of its first power supply for the LED lighting market (LED driver) and hence delayed launch to 2017, partly due to adverse events at an expected customer leading to its bankruptcy.

NPC Tech ApS continued and extended the work in several publicly and privately supported R&D projects partly financed by public grants supporting the company's technology and product development. Together with a consortium of recognized companies and respected universities, the company was awarded the project LEDLUM (Tiny Light Engine for Large Scale LED Lighting) which is supported by EU's Horizon 2020 program, hereunder with a substantial financial pre-payment..

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.



## Income statement for 2016

|  | <u>Notes</u> | <u>2016<br/>DKK</u>       | <u>2015<br/>DKK</u>       |
|--|--------------|---------------------------|---------------------------|
| <b>Gross loss</b>                                |              | <b>(973.290)</b>          | <b>1.378.345</b>          |
| Staff costs                                      | 1            | (6.509.130)               | (3.672.368)               |
| Depreciation, amortisation and impairment losses |              | <u>(416.996)</u>          | <u>(41.635)</u>           |
| <b>Operating profit/loss</b>                     |              | <b>(7.899.416)</b>        | <b>(2.335.658)</b>        |
| Income from investments in group enterprises     |              | (23.034)                  | 0                         |
| Other financial income                           |              | 4.117                     | 0                         |
| Other financial expenses                         |              | <u>(125.416)</u>          | <u>(5.052)</u>            |
| <b>Profit/loss before tax</b>                    |              | <b>(8.043.749)</b>        | <b>(2.340.710)</b>        |
| Tax on profit/loss for the year                  | 2            | <u>1.602.776</u>          | <u>474.190</u>            |
| <b>Profit/loss for the year</b>                  |              | <b><u>(6.440.973)</u></b> | <b><u>(1.866.520)</u></b> |
| <b>Proposed distribution of profit/loss</b>      |              |                           |                           |
| Retained earnings                                |              | <u>(6.440.973)</u>        | <u>(1.866.520)</u>        |
|  |              | <b><u>(6.440.973)</u></b> | <b><u>(1.866.520)</u></b> |

## Balance sheet at 31.12.2016

|  | <u>Notes</u> | <u>2016<br/>DKK</u>     | <u>2015<br/>DKK</u>     |
|--|--------------|-------------------------|-------------------------|
| Acquired licences                                |              | 37.975                  | 63.298                  |
| <b>Intangible assets</b>                         | <b>3</b>     | <b><u>37.975</u></b>    | <b><u>63.298</u></b>    |
| Other fixtures and fittings, tools and equipment |              | 936.486                 | 532.622                 |
| <b>Property, plant and equipment</b>             | <b>4</b>     | <b><u>936.486</u></b>   | <b><u>532.622</u></b>   |
| Investments in group enterprises                 |              | 26.966                  | 50.000                  |
| Deposits   |              | 101.475                 | 99.000                  |
| <b>Fixed asset investments</b>                   | <b>5</b>     | <b><u>128.441</u></b>   | <b><u>149.000</u></b>   |
| <b>Fixed assets</b>                              |              | <b><u>1.102.902</u></b> | <b><u>744.920</u></b>   |
| Trade receivables                                |              | 409.759                 | 0                       |
| Other receivables                                |              | 1.001.622               | 1.411.135               |
| Income tax receivable                            |              | 1.602.776               | 474.190                 |
| Prepayments                                      |              | 137.116                 | 20.518                  |
| <b>Receivables</b>                               |              | <b><u>3.151.273</u></b> | <b><u>1.905.843</u></b> |
| <b>Cash</b>                                      |              | <b><u>4.094.268</u></b> | <b><u>4.513.003</u></b> |
| <b>Current assets</b>                            |              | <b><u>7.245.541</u></b> | <b><u>6.418.846</u></b> |
| <b>Assets</b>                                    |              | <b><u>8.348.443</u></b> | <b><u>7.163.766</u></b> |

## Balance sheet at 31.12.2016

|  | <u>Notes</u> | <u>2016<br/>DKK</u>     | <u>2015<br/>DKK</u>     |
|--|--------------|-------------------------|-------------------------|
| Contributed capital  |              | 123.988                 | 118.801                 |
| Retained earnings  |              | 1.665.077               | 6.069.633               |
| <b>Equity</b>  |              | <b><u>1.789.065</u></b> | <b><u>6.188.434</u></b> |
| Finance lease liabilities                                      |              | 513.872                 | 113.998                 |
| <b>Non-current liabilities other than provisions</b>           | <b>6</b>     | <b><u>513.872</u></b>   | <b><u>113.998</u></b>   |
| Current portion of long-term liabilities other than provisions | 6            | 184.671                 | 80.352                  |
| Bank loans   |              | 14.470                  | 0                       |
| Trade payables   |              | 556.383                 | 170.719                 |
| Payables to group enterprises                                  |              | 167.192                 | 0                       |
| Other payables   |              | 801.162                 | 610.263                 |
| Deferred income  |              | 4.321.628               | 0                       |
| <b>Current liabilities other than provisions</b>               |              | <b><u>6.045.506</u></b> | <b><u>861.334</u></b>   |
| <b>Liabilities other than provisions</b>                       |              | <b><u>6.559.378</u></b> | <b><u>975.332</u></b>   |
| <b>Equity and liabilities</b>                                  |              | <b><u>8.348.443</u></b> | <b><u>7.163.766</u></b> |
| Unrecognised rental and lease commitments                      | 7            |                         |                         |
| Contingent liabilities   | 8            |                         |                         |
| Mortgages and securities                                       | 9            |                         |                         |

## Statement of changes in equity for 2016

|                                      | <b>Contributed<br/>capital<br/>DKK</b> | <b>Share premium<br/>DKK</b> | <b>Retained<br/>earnings<br/>DKK</b> | <b>Total<br/>DKK</b> |
|--------------------------------------|--|------------------------------|--------------------------------------|----------------------|
| Equity<br>beginning of<br>year       | 118.801                                | 0                            | 6.069.633                            | 6.188.434            |
| Increase of<br>capital               | 5.187                                  | 2.036.417                    | 0                                    | 2.041.604            |
| Transferred<br>from share<br>premium | 0                                      | (2.036.417)                  | 2.036.417                            | 0                    |
| Profit/loss for<br>the year          | 0                                      | 0                            | (6.440.973)                          | (6.440.973)          |
| <b>Equity end of<br/>year</b>        | <b>123.988</b>                         | <b>0</b>                     | <b>1.665.077</b>                     | <b>1.789.065</b>     |

## Notes

|                             | <b>2016</b>      | <b>2015</b>      |
|-----------------------------|------------------|------------------|
|                             | <b>DKK</b>       | <b>DKK</b>       |
| <b>1. Staff costs</b>       |                  |                  |
| Wages and salaries          | 6.295.881        | 3.540.807        |
| Other social security costs | 76.871           | 34.453           |
| Other staff costs           | 136.378          | 97.108           |
|                             | <b>6.509.130</b> | <b>3.672.368</b> |
| <br>                        |                  |                  |
| Average number of employees | <b>12</b>        |                  |

### Special incentive programmes

The Company has granted warrants to key employees as well as a number of board members and consultants. The warrants have a vesting period of 3- 5 years.

|   | <b>2016</b>        | <b>2015</b>      |
|---|--------------------|------------------|
|   | <b>DKK</b>         | <b>DKK</b>       |
| <b>2. Tax on profit/loss for the year</b> |                    |                  |
| Tax on current year taxable income        | (1.602.776)        | (474.190)        |
|   | <b>(1.602.776)</b> | <b>(474.190)</b> |

|   | <b>Acquired<br/>licences<br/>DKK</b> |
|---|--------------------------------------|
| <b>3. Intangible assets</b>                           |                                      |
| Cost beginning of year                                | 75.950                               |
| <b>Cost end of year</b>                               | <b>75.950</b>                        |
| <br>  |                                      |
| Amortisation and impairment losses beginning of year  | (12.652)                             |
| Amortisation for the year                             | (25.323)                             |
| <b>Amortisation and impairment losses end of year</b> | <b>(37.975)</b>                      |
| <br>  |                                      |
| <b>Carrying amount end of year</b>                    | <b>37.975</b>                        |

## Notes

|   | <b>Other<br/>fixtures and<br/>fittings,<br/>tools and<br/>equipment<br/>DKK</b> |                         |
|---|---|-------------------------|
|   | <u>DKK</u>  | <u>DKK</u>              |
| <b>4. Property, plant and equipment</b>                   |   |                         |
| Cost beginning of year                                    | 561.605   |                         |
| Additions   | 805.573   |                         |
| Disposals   | <u>(10.036)</u>   |                         |
| <b>Cost end of year</b>                                   | <b><u>1.357.142</u></b>   |                         |
| Depreciation and impairment losses beginning of the year  | (28.983)  |                         |
| Impairment losses for the year                            | (262.384)   |                         |
| Depreciation for the year                                 | (131.798)   |                         |
| Reversal regarding disposals                              | <u>2.509</u>  |                         |
| <b>Depreciation and impairment losses end of the year</b> | <b><u>(420.656)</u></b>   |                         |
| <b>Carrying amount end of year</b>                        |   | <b><u>936.486</u></b>   |
| Recognised assets not owned by entity                     |   | <b><u>633.909</u></b>   |
|   | <b>Investments<br/>in group<br/>enterprises<br/>DKK</b>                         | <b>Deposits<br/>DKK</b> |
|   | <u>DKK</u>  | <u>DKK</u>              |
| <b>5. Fixed asset investments</b>                         |   |                         |
| Cost beginning of year                                    | 50.000  | 99.000                  |
| Additions   | <u>0</u>  | <u>2.475</u>            |
| <b>Cost end of year</b>                                   | <b><u>50.000</u></b>  | <b><u>101.475</u></b>   |
| Share of profit/loss for the year                         | <u>(23.034)</u>   | <u>0</u>                |
| <b>Impairment losses end of year</b>                      | <b><u>(23.034)</u></b>  | <b><u>0</u></b>         |
| <b>Carrying amount end of year</b>                        | <b><u>26.966</u></b>  | <b><u>101.475</u></b>   |

## Notes

|  | <u>Registered in</u> | <u>Corpo-<br/>rate<br/>form</u> | <u>Equity<br/>inte-<br/>rest<br/>%</u> |
|--|----------------------|---------------------------------|--|
| Investments in group enterprises comprise: |                      |                                 |  |
| Nordic Power Converters ApS                | Herlev               | ApS                             | 100,0                                  |

|   | <u>Instalments<br/>within 12<br/>months<br/>2016<br/>DKK</u> | <u>Instalments<br/>within 12<br/>months<br/>2015<br/>DKK</u> | <u>Instalments<br/>beyond 12<br/>months<br/>2016<br/>DKK</u> |
|---|--|--|--|
| <b>6. Liabilities other than provisions</b> |  |  |  |
| Finance lease liabilities                   | <u>184.671</u>   | <u>80.352</u>  | <u>513.872</u>   |
|   | <b><u>184.671</u></b>  | <b><u>80.352</u></b>   | <b><u>513.872</u></b>  |

|   | <u>2016<br/>DKK</u> | <u>2015<br/>DKK</u> |
|---|---------------------|---------------------|
| <b>7. Unrecognised rental and lease commitments</b>                         |                     |                     |
| Hereof liabilities under rental or lease agreements until maturity in total | <u>253.687</u>      | <u>445.500</u>      |

|  | <u>2016<br/>DKK</u>     | <u>2015<br/>DKK</u> |
|--|-------------------------|---------------------|
| <b>8. Contingent liabilities</b>       |                         |                     |
| Other contingent liabilities           | <u>1.057.920</u>        | <u>N/A</u>          |
| <b>Contingent liabilities in total</b> | <b><u>1.057.920</u></b> | <b><u>0</u></b>     |

The Entity participates in a Danish joint taxation arrangement in which Madsen Invest ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore alternatively liable from the financial year 2014/15 for income taxes etc for the jointly taxed entities, but only for the share by which the Entity is included in the Group, and from 25 July 2014 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

### 9. Mortgages and securities

A floating charge in the total amount of DKK 750k has been provided as security for the Group's balances with its bank in accordance with the S 47c Danish Registration of Property Act.

The floating charge comprises trade receivables, inventories, intangible assets and property plant and equip-

## Notes

ment at a carrying amount of DKK 1.634k.



## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

### 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.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue, other operating income, 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 is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

#### Other operating income

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

#### 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.

## Accounting policies

### Staff costs

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

Granted warrants are not recognised as staff costs during the vesting period.

### Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as 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 dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as 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.

The Entity is jointly taxed with its Parent and all of the Parent's Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

### Balance sheet

#### Intellectual property rights etc

Intellectual property rights etc comprise acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

## Accounting policies

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

### Property, plant and equipment

Other fixtures and fittings, tools and equipment 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. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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:

|  |           |
|--|-----------|
| Other fixtures and fittings, tools and equipment | 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 according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

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 is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

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

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

### Receivables

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

### Income 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.

## Accounting policies

### Prepayments

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

### Cash

Cash comprises cash in hand and bank deposits.

### Finance lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

### Other financial liabilities

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

### Deferred income

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