



## LeadFamly ApS

Brendstrupgårdsvej 13, 1.  
8200 Aarhus N  
CVR No. 36986476

## Annual report 2020

The Annual General Meeting adopted the  
annual report on 10.03.2021

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**Martin Bjørn Madsen**

Chairman of the General Meeting

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# Entity details

## Entity

LeadFamily ApS

Brendstrupgårdsvej 13, 1.

8200 Aarhus N

CVR No.: 36986476

Date of foundation: 03.08.2015

Registered office: Aarhus

Financial year: 01.01.2020 - 31.12.2020

Phone number: +45 86 10 19 00

E-mail: [contact@leadfamily.com](mailto:contact@leadfamily.com)

## Board of Directors

Jon Erik Risvig, Chairman

Kim Elsass, board member

Thomas Kragh, board member

Martin Bjørn Madsen, board member

## Executive Board

Thomas Kragh, CEO

Martin Bjørn Madsen, CEO

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of LeadFamily ApS for the financial year 01.01.2020 - 31.12.2020.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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.

Aarhus, 10.03.2021

## Executive Board

**Thomas Kragh**  
CEO

**Martin Bjørn Madsen**  
CEO

## Board of Directors

**Jon Erik Risvig**  
Chairman

**Kim Elsass**  
board member

**Thomas Kragh**  
board member

**Martin Bjørn Madsen**  
board member

# Independent auditor's report

## To the shareholders of LeadFamily ApS

### Opinion

We have audited the financial statements of LeadFamily ApS for the financial year 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

### Basis for opinion

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

- 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.

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.

Aarhus, 10.03.2021

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Mads Fauerskov**

State Authorised Public Accountant  
Identification No (MNE) mne35428

# Management commentary

## Primary activities

The company's primary activity consists in operating a business comprised of online activities and other business associated herewith.

## Development in activities and finances

Profit and loss for 2020 was a deficit of EUR 670k and the company's equity is EUR (156)k as at 31/12/2020.

This is considered satisfactory given that the company invested heavily in growth over the course of 2020.

The company has been affected by the COVID-19 pandemic but has retained its growth strategy and grown its business.

The company has received neither wage compensation nor funding to cover its fixed expenditure.

As at 31 December 2020, the company's equity stands at EUR (156)k and thus the company has lost all of its equity. It is the expectation of management that equity will be reestablished through operations in the coming year.

## Uncertainty relating to recognition and measurement

In the year under review, the Company has capitalised further tax assets by way of tax loss carryforwards.

The recognition and measurement thereof are subject to uncertainty, but Management finds the uncertainty minimal considering the large ARR base in the Company. For further information, see note 9.

## Foreign branches

The Company has a branch in Finland.

The financial statements of the branch are recognised line by line in the annual report as an integrated entity of the Danish company.

## 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 2020

|  | Notes | 2020<br>EUR      | 2019<br>EUR        |
|--|-------|------------------|--------------------|
| <b>Gross profit/loss</b>                         |       | <b>2,228,197</b> | <b>712,670</b>     |
| Staff costs                                      | 1     | (2,768,373)      | (1,885,689)        |
| Depreciation, amortisation and impairment losses | 2     | (158,714)        | (77,999)           |
| <b>Operating profit/loss</b>                     |       | <b>(698,890)</b> | <b>(1,251,018)</b> |
| Income from investments in group enterprises     |       | 16,833           | 12,862             |
| Other financial income                           | 3     | 1,979            | 5,994              |
| Financial expenses from group enterprises        |       | (528)            | 0                  |
| Other financial expenses                         |       | (81,546)         | (5,897)            |
| <b>Profit/loss before tax</b>                    |       | <b>(762,152)</b> | <b>(1,238,059)</b> |
| Tax on profit/loss for the year                  | 4     | 92,006           | 351,636            |
| <b>Profit/loss for the year</b>                  |       | <b>(670,146)</b> | <b>(886,423)</b>   |
| <b>Proposed distribution of profit and loss</b>  |       |                  |                    |
| Retained earnings                                |       | (670,146)        | (886,423)          |
| <b>Proposed distribution of profit and loss</b>  |       | <b>(670,146)</b> | <b>(886,423)</b>   |

# Balance sheet at 31.12.2020

## Assets

|  | Notes | 2020<br>EUR      | 2019<br>EUR      |
|--|-------|------------------|------------------|
| Completed development projects                   | 6     | 575,057          | 374,581          |
| Development projects in progress                 | 6     | 90,931           | 88,111           |
| <b>Intangible assets</b>                         | 5     | <b>665,988</b>   | <b>462,692</b>   |
| Other fixtures and fittings, tools and equipment |       | 25,769           | 18,755           |
| Leasehold improvements                           |       | 13,843           | 25,330           |
| <b>Property, plant and equipment</b>             | 7     | <b>39,612</b>    | <b>44,085</b>    |
| Investments in group enterprises                 |       | 30,405           | 13,925           |
| Deposits   |       | 29,947           | 29,947           |
| <b>Other financial assets</b>                    | 8     | <b>60,352</b>    | <b>43,872</b>    |
| <b>Fixed assets</b>                              |       | <b>765,952</b>   | <b>550,649</b>   |
| Trade receivables                                |       | 1,135,316        | 1,124,727        |
| Receivables from group enterprises               |       | 15,934           | 20,109           |
| Deferred tax                                     | 9     | 507,383          | 370,336          |
| Other receivables                                |       | 31,919           | 47,722           |
| Joint taxation contribution receivable           |       | 59,974           | 117,681          |
| Prepayments                                      |       | 53,293           | 46,628           |
| <b>Receivables</b>                               |       | <b>1,803,819</b> | <b>1,727,203</b> |
| <b>Cash</b>                                      |       | <b>2,169,124</b> | <b>340,935</b>   |
| <b>Current assets</b>                            |       | <b>3,972,943</b> | <b>2,068,138</b> |
| <b>Assets</b>                                    |       | <b>4,738,895</b> | <b>2,618,787</b> |

**Equity and liabilities**

|  | <b>Notes</b> | <b>2020<br/>EUR</b> | <b>2019<br/>EUR</b> |
|--|--------------|---------------------|---------------------|
| Contributed capital  |              | 13,415              | 13,416              |
| Reserve for net revaluation according to the equity method |              | 30,403              | 13,922              |
| Reserve for development expenditure                        |              | 519,471             | 360,899             |
| Retained earnings  |              | (719,385)           | 125,812             |
| <b>Equity</b>  |              | <b>(156,096)</b>    | <b>514,049</b>      |
| Debt to other credit institutions                          |              | 1,312,733           | 0                   |
| Other payables   |              | 239,726             | 82,041              |
| <b>Non-current liabilities other than provisions</b>       | <b>10</b>    | <b>1,552,459</b>    | <b>82,041</b>       |
| Trade payables   |              | 75,621              | 76,463              |
| Payables to group enterprises                              |              | 18,434              | 19,742              |
| Income tax payable   |              | 77,538              | 0                   |
| Other payables   |              | 979,419             | 387,207             |
| Deferred income  |              | 2,191,520           | 1,539,285           |
| <b>Current liabilities other than provisions</b>           |              | <b>3,342,532</b>    | <b>2,022,697</b>    |
| <b>Liabilities other than provisions</b>                   |              | <b>4,894,991</b>    | <b>2,104,738</b>    |
| <b>Equity and liabilities</b>                              |              | <b>4,738,895</b>    | <b>2,618,787</b>    |
| Unrecognised rental and lease commitments                  | 11           |                     |                     |
| Contingent liabilities                                     | 12           |                     |                     |
| Assets charged and collateral                              | 13           |                     |                     |

# Statement of changes in equity for 2020

|                           | Contributed<br>capital<br>EUR | Reserve for<br>net<br>revaluation<br>according to<br>the equity<br>method<br>EUR | Reserve for<br>development<br>expenditure<br>EUR | Retained<br>earnings<br>EUR | Total<br>EUR     |
|---------------------------|-------------------------------|--|--|-----------------------------|------------------|
| Equity beginning of year  | 13,415                        | 13,923   | 360,899  | 125,813                     | 514,050          |
| Exchange rate adjustments | 0                             | (353)  | 0  | 353                         | 0                |
| Transfer to reserves      | 0                             | 0  | 158,572  | (158,572)                   | 0                |
| Profit/loss for the year  | 0                             | 16,833   | 0  | (686,979)                   | (670,146)        |
| <b>Equity end of year</b> | <b>13,415</b>                 | <b>30,403</b>  | <b>519,471</b>                                   | <b>(719,385)</b>            | <b>(156,096)</b> |

# Notes

## 1 Staff costs

|                                       | <b>2020</b>      | <b>2019</b>      |
|---------------------------------------|------------------|------------------|
|                                       | <b>EUR</b>       | <b>EUR</b>       |
| Wages and salaries                    | 2,510,073        | 2,075,765        |
| Pension costs                         | 82,189           | 48,390           |
| Other social security costs           | 174,212          | 94,552           |
| Other staff costs                     | 319,268          | 0                |
|                                       | <b>3,085,742</b> | <b>2,218,707</b> |
| Staff costs classified as assets      | (317,369)        | (333,018)        |
|                                       | <b>2,768,373</b> | <b>1,885,689</b> |
| Average number of full-time employees | 35               | 24               |

## 2 Depreciation, amortisation and impairment losses

|   | <b>2020</b>    | <b>2019</b>   |
|---|----------------|---------------|
|   | <b>EUR</b>     | <b>EUR</b>    |
| Amortisation of intangible assets             | 131,744        | 58,517        |
| Depreciation of property, plant and equipment | 26,970         | 19,482        |
|   | <b>158,714</b> | <b>77,999</b> |

## 3 Other financial income

|   | <b>2020</b>  | <b>2019</b>  |
|---|--------------|--------------|
|   | <b>EUR</b>   | <b>EUR</b>   |
| Financial income from group enterprises | 454          | 1,352        |
| Other interest income                   | 74           | 0            |
| Exchange rate adjustments               | 1,451        | 4,642        |
|   | <b>1,979</b> | <b>5,994</b> |

## 4 Tax on profit/loss for the year

|                                      | <b>2020</b>     | <b>2019</b>      |
|--------------------------------------|-----------------|------------------|
|                                      | <b>EUR</b>      | <b>EUR</b>       |
| Change in deferred tax               | (109,643)       | (351,636)        |
| Adjustment concerning previous years | 77,611          | 0                |
| Refund in joint taxation arrangement | (59,974)        | 0                |
|                                      | <b>(92,006)</b> | <b>(351,636)</b> |

## 5 Intangible assets

|   | Completed<br>development<br>projects<br>EUR | Development<br>projects in<br>progress<br>EUR |
|---|---|---|
| Cost beginning of year                                | 446,781                                     | 88,111  |
| Transfers   | 88,111                                      | (88,111)                                      |
| Additions   | 244,110                                     | 90,931  |
| <b>Cost end of year</b>                               | <b>779,002</b>                              | <b>90,931</b>                                 |
| Amortisation and impairment losses beginning of year  | (72,201)                                    | 0   |
| Amortisation for the year                             | (131,744)                                   | 0   |
| <b>Amortisation and impairment losses end of year</b> | <b>(203,945)</b>                            | <b>0</b>                                      |
| <b>Carrying amount end of year</b>                    | <b>575,057</b>                              | <b>90,931</b>                                 |

## 6 Development projects

Completed development projects comprise development of a new version of the Company's most significant sales product, the LeadFamily platform, as well as new features for the platform. Recognition takes place when the future return on the development project is expected to exceed the investment. Completed development projects are recognised at cost, and the amortisation period is 5 years.

## 7 Property, plant and equipment

|   | Other fixtures<br>and fittings,<br>tools and<br>equipment<br>EUR | Leasehold<br>improvements<br>EUR |
|---|--|----------------------------------|
| Cost beginning of year                                | 25,586   | 41,289                           |
| Additions   | 19,178   | 8,283                            |
| <b>Cost end of year</b>                               | <b>44,764</b>  | <b>49,572</b>                    |
| Depreciation and impairment losses beginning of year  | (6,830)  | (15,961)                         |
| Depreciation for the year                             | (12,165)   | (19,768)                         |
| <b>Depreciation and impairment losses end of year</b> | <b>(18,995)</b>  | <b>(35,729)</b>                  |
| <b>Carrying amount end of year</b>                    | <b>25,769</b>  | <b>13,843</b>                    |

## 8 Financial assets

|                                    | Investments in<br>group<br>enterprises<br>EUR |
|------------------------------------|---|
| Cost beginning of year             | 2   |
| <b>Cost end of year</b>            | <b>2</b>                                      |
| Revaluations beginning of year     | 13,923  |
| Exchange rate adjustments          | (353)   |
| Share of profit/loss for the year  | 19,972  |
| Other adjustments                  | (3,139)                                       |
| <b>Revaluations end of year</b>    | <b>30,403</b>                                 |
| <b>Carrying amount end of year</b> | <b>30,405</b>                                 |

| Investments in subsidiaries | Registered in  | Corporate<br>form | Equity<br>interest<br>% |
|-----------------------------|----------------|-------------------|-------------------------|
| LeadFamily B.V              | Nederlands     | B.V               | 100                     |
| LeadFamily Group UK Ltd     | United Kingdom | Ltd.              | 100                     |

## 9 Deferred tax

|                               | 2020<br>EUR    | 2019<br>EUR    |
|-------------------------------|----------------|----------------|
| Intangible assets             | (146,517)      | (101,792)      |
| Property, plant and equipment | (7,576)        | (9,699)        |
| Tax losses carried forward    | 661,476        | 481,857        |
| <b>Deferred tax</b>           | <b>507,383</b> | <b>370,366</b> |

Capitalisation of deferred tax assets is based on the budgeted ARR income for the next 3 years, assuming that growth is curbed and the Company's operation is adjusted to maintaining existing contracts only.

If this budget is observed, the tax asset will be realised within 2 years, and therefore no indication of impairment has been identified in this respect.

## 10 Non-current liabilities other than provisions

|                                   | Due after<br>more than 12<br>months<br>2020<br>EUR | Outstanding<br>after 5 years<br>2020<br>EUR |
|-----------------------------------|--|---|
| Debt to other credit institutions | 1,312,733  | 438,849                                     |
| Other payables                    | 239,726  | 0   |
|                                   | <b>1,552,459</b>                                   | <b>438,849</b>                              |

### 11 Unrecognised rental and lease commitments

|  | <b>2020</b> | <b>2019</b> |
|--|-------------|-------------|
|  | <b>EUR</b>  | <b>EUR</b>  |
| Liabilities under rental or lease agreements until maturity in total | 97,187      | 191,416     |

The Company has entered into rental agreements with a total liability of EUR 79k with a residual term of up to 6 months and leases with a liability of EUR 18k with a residual term of up to 10 months.

### 12 Contingent liabilities

Until 30.11.2020 the entity has been a part of a Danish joint taxation arrangement where Thomas Kragh Holding Egå ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

From 01.12.2020, the entity is no longer included in a Danish joint taxation (stand alone).

### 13 Assets charged and collateral

A floating charge secured on unsecured claims and production plant and operating equipment has been provided as security for debt to other credit institutions. The floating charge amounts to a total of kEUR 1,344. The assets concerned have a carrying amount of kEUR 1,177 as of 31.12.2020.



# 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.

## Changes in accounting policies

The Company has chosen to change presentation currency from DKK to EUR for the financial year with reference to the Danish Financial Statements Act section 16. When translating to EUR, all items are translated to the exchange rate 7,45 as the difference to the exchange rate in average in the year (P/L transactions) and at the end date of each accounting year (balance sheet) is immaterial to the rate of 7,45.

## Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

## 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.

## 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.

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 classified directly as equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are classified directly as 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, other operating income and external expenses.

### **Revenue**

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.

Subscriptions and licences are recognised as delivery takes place and thus accrued over the contract period.

### **Other operating income**

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

### **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 salaries and wages, 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 comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of 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, amortisation of financial assets.

**Financial expenses from group enterprises**

Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

**Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises 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.

Until 30.11.2020, the entity has been jointly taxed with all Danish group enterprises. 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 development projects completed and in progress with related intellectual property rights, acquired intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under 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 of 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. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 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 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:

|  |           |
|--|-----------|
| Other fixtures and fittings, tools and equipment | 1-3 years |
| Leasehold improvements                           | 1-3 years |

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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.

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 in 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.

### Deferred tax

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

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

### Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

**Prepayments**

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

**Cash**

Cash comprises bank deposits.

**Other financial liabilities**

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

**Tax receivable or payable**

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

**Deferred income**

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