
The Many A/S

Amaliegade 21, DK-1256 København K

Annual Report for 1 January - 31 December 2020

CVR No 37 93 35 89

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
25/06 2021

Eric Korre Horten
Chairman of the General
Meeting



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Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Company Information	
Company Information	5
Management's Review	6
Financial Statements	
Income Statement 1 January - 31 December	9
Balance Sheet 31 December	10
Statement of Changes in Equity	12
Notes to the Financial Statements	13

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of The Many A/S for the financial year 1 January - 31 December 2020.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company operations for 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 25 June 2021

Executive Board

Thomas Midtgaard
CEO

Board of Directors

Troels Bülow-Olsen
Chairman

Johan Lorenzen

Erik Balck Sørensen

Nina Riisgaard Lauritsen

Lars Kalstad Vedfelt

Independent Auditor's Report

To the Shareholders of The Many A/S

Opinion

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

We have audited the Financial Statements of The Many A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

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 misstate-

Independent Auditor's Report

ment, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events

Independent Auditor's Report

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.

Hellerup, 25 June 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Kaare von Cappeln
state authorised public accountant
mne11629

Jakob Thisted Binder
state authorised public accountant
mne42816

Company Information

The Company

The Many A/S
Amaliegade 21
DK-1256 København K
Website: www.brickshare.dk

CVR No: 37 93 35 89
Financial period: 1 January - 31 December
Municipality of reg. office: København

Board of Directors

Troels Bülow-Olsen, Chairman
Johan Lorenzen
Erik Balck Sørensen
Lars Kalstad Vedfelt
Nina Riisgaard Lauritsen

Executive Board

Thomas Midtgaard

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Key activities

The Many A/S (“Company”) is a software development company occupied with developing tech infrastructure and products to the financial services industry. The key activity of the Company is to leverage the developed technology to the subsidiary, The Many AIFM A/S on a license basis for the latter to run its award-winning investment platform allowing retail investors to invest in alternative investment funds, managed by The Many AIFM A/S.

The Company furnishes information technology services to the subsidiary on software-as-a-service (“SaaS”) terms thus catering for the full spectrum of feature development, infrastructure design and IT-support. The Company charges license fees for its SaaS solution.

Development in the year

The income statement of the Company for 2020 shows a loss of DKK 12,235,582, and at 31 December 2020 the balance sheet of the Company shows equity of DKK 3,099,438.

The past year and follow-up on development expectations from last year

The Company is a fintech company with an award-winning it-platform enabling small ticket investments, documentation and deployment of corporate actions, reporting and similar services licensed to The Many AIFM A/S.

As such the IT-platform was used manage a total of six alternative investment funds with a total of approximately DKK 300,000,000 assets under management, raise capital, onboarding thousands of investors and new users, and perform regulatory compliant corporate actions, for instance, distribution of dividends to thousands of customers during 2020.

Hence the platform is now servicing more than 20,000 users, of whom roughly a fifth has already placed investments by use of the platform. Consequently, although the portfolio managed by the subsidiary, The Many AIFM A/S is limited, the Company's proprietary investment platform remains the largest retail investment platform targeting non-professional investors in Denmark within alternative investments.

During the course of 2020 the Company has used development costs of DKK 2,718,180 on the IT-platform. Management expects to apply for tax credit in accordance with LL § 8X.

On the matter of growth, the platform was used to secure a 25 % increase in the customer base and 42 % increase in the user base during 2020, although no new investment products was launched by The Many AIFM A/S on the platform during the entirety of 2020.

The growth in new investors and users on the IT-platform fell short of expectations, while it is considered satisfactory on the basis of the Covid-19 pandemic situation and the lack of new investment opportunities launched on the platform, similarly caused by the uncertainty in financial markets. The financial results were thus significantly below the original budgets, while the evolvement of the Covid-19 pandemic and the effects on the financial markets, provides acceptable explanations of the financial results. As a

Management's Review

consequence of the former, the Company's budgets were continuously revisited during the year in light of the impact from the Covid-19 pandemic and the financial results do therefore not surprise the Management.

Capital resources and liquidity

The Company was off to a head start with significant traction on the platform, and a capital increase in January 2020 of DKK 6,2M. The Company, however, arrested development insofar the evolution of the Covid-19 pandemic and sent home all employees following the outbreak of Covid-19.

In pursuance of the outbreak and subsequent the closing down of most of the world the real-estate market for investment properties in Denmark was temporary frozen in the spring 2020 due to the increased uncertainty in the market in general, the inability to inspect new projects, the day-to-day deviations on the interest rates, delays on the building of ongoing investment projects etc. This postponed the expected growth for the Company.

By mid June, most employees resumed work, either remotely or physically and the IT development.

Management decided to divert efforts to investing in the future scalability and substantial efforts have been devoted to attracting top talent to the entire group, including the Company and resolve a range of IT matters, including improving the scalability of the investment engine and a rewrite of some of the Company's core IT features. In addition, the Management decided to rebrand the Company to embrace the core activities and future strategy of the group, secure IP rights and accommodate a more broad outreach to investors in pursuit of crossing the chasm and obtain a more mainstream market share. On the development side, the subsidiary's management took a more conservative approach to the market situation and focused on organisational improvements including HR in light of the uncertain market situation and delayed cash inflow.

During the summer 2020 the overall market for investment properties had more or less normalised, but competition grew fierce and prices rose due to the increased demand for real estate property and especially housing property, which opposed to retail and office real estate had proven to be resistant to Covid-19 outbreaks and local close-downs.

As a result of the delay in the growth plan the Company has in July and August 2020 made further capital contributions of DKK 1,774,935 and DKK 1,034,092 respectively.

As of 31 December 2020 the Company had a positive equity of DKK 3,099,438. The Company had available liquidity of DKK 1,161,978. The Company's Management has throughout 2020 worked on a long-term strategy to strengthen of the capital resources to support and drive the growth plan for the following years. In February 2021 a capital contribution of DKK 11,195,000 was made in order to strengthen the capital resources and make room for the Company to continue the ambitious plan for growth and deploy a range of new features and fuel business development across several verticals.

Management's Review

The capital contribution was followed by conversion of convertible debt of DKK 12,089,605, which has been converted into equity.

For additional information reference is made to note no. 1. regarding capital resources and liquidity and note no. 3 subsequent events.

Uncertainty relating to recognition and measurement

Reference to note 2 regarding uncertainty relating to recognition and measurement for Management's assessment hereof.

Subsequent events

Reference to note no. 3 regarding subsequent events.

Income Statement 1 January - 31 December

	Note	2020 DKK	2019 DKK
Gross profit/loss	5	-2.497.339	-4.594.107
Staff expenses	4	-6.243.928	-4.936.726
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-1.794.940	-578.761
Profit/loss before financial income and expenses		-10.536.207	-10.109.594
Financial income		9.582	0
Financial expenses	6	-542.596	-637.045
Profit/loss before tax		-11.069.221	-10.746.639
Tax on profit/loss for the year	7	-1.166.361	-922.817
Net profit/loss for the year		-12.235.582	-11.669.456

Distribution of profit

Proposed distribution of profit

Retained earnings		-12.235.582	-11.669.456
		-12.235.582	-11.669.456

Balance Sheet 31 December

Assets

	Note	2020 DKK	2019 DKK
Completed development projects		2.971.510	1.125.833
Development projects in progress		0	3.612.891
Intangible assets	8	<u>2.971.510</u>	<u>4.738.724</u>
Other fixtures and fittings, tools and equipment		0	16.915
Leasehold improvements		0	10.811
Property, plant and equipment		<u>0</u>	<u>27.726</u>
Investments in subsidiaries	9	20.000.000	10.160.000
Other investments		0	141.252
Deposits		204.600	155.730
Fixed asset investments		<u>20.204.600</u>	<u>10.456.982</u>
Fixed assets		<u>23.176.110</u>	<u>15.223.432</u>
Other receivables		113.317	316.050
Deferred tax asset	10	0	1.166.361
Prepayments		46.620	0
Receivables		<u>159.937</u>	<u>1.482.411</u>
Cash at bank and in hand		<u>1.161.978</u>	<u>314.196</u>
Currents assets		<u>1.321.915</u>	<u>1.796.607</u>
Assets		<u>24.498.025</u>	<u>17.020.039</u>

Balance Sheet 31 December

Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital		762.683	645.153
Revaluation reserve		12.967.645	8.860.000
Reserve for development costs		2.971.510	3.696.205
Retained earnings		-13.602.400	-11.082.721
Equity		3.099.438	2.118.637
Convertible and profit-yielding instruments of debt		0	8.552.323
Other payables		3.545.886	179.903
Long-term debt	11	3.545.886	8.732.226
Convertible instruments of debt	11	12.079.544	1.041.856
Trade payables		784.987	747.293
Payables to group enterprises		3.617.465	2.114.881
Other payables	11	1.370.705	2.265.146
Short-term debt		17.852.701	6.169.176
Debt		21.398.587	14.901.402
Liabilities and equity		24.498.025	17.020.039
Capital resources and liquidity	1		
Uncertainty relating to recognition and measurement	2		
Subsequent events	3		
Contingent assets, liabilities and other financial obligations	12		
Accounting Policies	13		

Statement of Changes in Equity

	Share capital	Share premium account	Revaluation reserve	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	645.153	0	8.860.000	4.738.724	-12.125.240	2.118.637
Cash capital increase	117.530	8.991.208	0	0	0	9.108.738
Revaluation of investments	0	0	4.107.645	0	0	4.107.645
Depreciation, amortisation and impairment for the year	0	0	0	-1.767.214	1.767.214	0
Net profit/loss for the year	0	0	0	0	-12.235.582	-12.235.582
Transfer from share premium account	0	-8.991.208	0	0	8.991.208	0
Equity at 31 December	762.683	0	12.967.645	2.971.510	-13.602.400	3.099.438

Notes to the Financial Statements

1 Capital resources and liquidity

The income statement of the Company for 2020 shows a loss of DKK 12,235,582 and at 31 December 2020 the balance sheet shows a positive equity of DKK 3,099,438. At 31 December 2020 the total available cash amounts to DKK 1,161,978.

The Company has in February 2021 received a capital contribution of DKK 11,195,000 ("Tranche 1") made by both new and existing investors. Furthermore, the Danish Growth Fund has granted two syndication loans of DKK 1,500,000 in January 2021 and 5,900,000 in March 2021.

As of 31 December 2020 the Company has convertible debt of DKK 12,079,544. This debt was converted in February 2021 into share capital. For additional information reference is made to note no. 3 subsequent events.

Additionally, an investment of potentially DKK 10,700,000 ("Tranche 2") is planned to be closed during the course of 2021 upon the fulfillment of certain conditions.

The Company has prepared a forecast showing the run-rate for the coming 12 months that shows sufficient liquidity is available even without the completion of tranche 2. Further, Management notes the cost base can be adjusted in order to strengthen capital resources.

Management in the Company are still working on a long-term strengthen of the capital resources to support and drive the growth plan for the following years.

In its nature, the forecasts prepared are subject to uncertainty and variations in operations or the business plan may result in additional liquidity being required. In management's assessment such additional financing can be obtained if the business plan and growth strategy is otherwise followed.

Therefore, the financial statements are prepared under the assumption of going concern.

2 Uncertainty relating to recognition and measurement

The Company makes accounting estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions can have a significant impact and cause a material adjustment to the carrying amounts of assets within the next financial year are addressed below.

Investment in subsidiaries are measured at fair value at a value of DKK 20,000,000. The valuation of investment in subsidiaries are based on information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material.

Notes to the Financial Statements

3 Subsequent events

The Company has received a capital contribution of DKK 11,195,000 on 22 February 2021.

The capital contribution was followed by the conversion of convertible debt of DKK 12,089,605, which has thus been converted into equity.

	<u>2020</u> DKK	<u>2019</u> DKK
4 Staff expenses		
Wages and salaries	5.886.552	7.853.914
Pensions	120.509	84.795
Other social security expenses	-25.273	-7.812
Other staff expenses	262.140	462.540
	6.243.928	8.393.437
Capitalised salaries	0	-3.456.711
	6.243.928	4.936.726
Average number of employees	11	15
5 Special items		
Covid-19 compensation	422.521	0
	422.521	0
6 Financial expenses		
Interest paid to group enterprises	346.603	431.612
Other financial expenses	194.186	205.389
Exchange loss	1.807	44
	542.596	637.045

Notes to the Financial Statements

	2020 <u>DKK</u>	2019 <u>DKK</u>
7 Tax on profit/loss for the year		
Deferred tax for the year	1.166.361	922.817
	1.166.361	922.817
8 Intangible assets		
	Completed development projects <u>DKK</u>	Development projects in progress <u>DKK</u>
Cost at 1 January	1.688.750	3.612.891
Additions for the year	3.612.891	0
Transfers for the year	0	-3.612.891
Cost at 31 December	<u>5.301.641</u>	<u>0</u>
Impairment losses and amortisation at 1 January	562.917	0
Amortisation for the year	<u>1.767.214</u>	<u>0</u>
Impairment losses and amortisation at 31 December	<u>2.330.131</u>	<u>0</u>
Carrying amount at 31 December	<u>2.971.510</u>	<u>0</u>
Amortised over	<u>3 years</u>	

Development projects relate to the development of new features on the Company's existing platform. The platform is licensed to The Many AIFM A/S and is used to service investors on alternative investments.

Notes to the Financial Statements

	2020 DKK	2019 DKK
9 Investments in subsidiaries		
Cost at 1 January	1.300.000	1.300.000
Additions for the year	5.732.355	0
Cost at 31 December	<u>7.032.355</u>	<u>1.300.000</u>
Value adjustments at 1 January	8.860.000	0
Fair value adjustment	4.107.645	8.860.000
Value adjustments at 31 December	<u>12.967.645</u>	<u>8.860.000</u>
Carrying amount at 31 December	<u>20.000.000</u>	<u>10.160.000</u>

Assumptions underlying the determination of fair value of investments in subsidiaries

Investments in subsidiaries are measured at fair value. The fair value is calculated by using the capital contribution on DKK 11,195,000 from February 2021 as a proxy. Reference is made to note no. 2 for uncertainty relating to recognition and measurement of investment in subsidiaries.

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
The Many AIFM A/S	København	DKK 500.000	100%
E Västernorrland AB	Sundsvall	DKK 17.794	100%

Notes to the Financial Statements

	2020	2019
	DKK	DKK
10 Provision for deferred tax		
Intangible assets	653.732	1.042.619
Property, plant and equipment	0	65
Provision	0	-222.740
Tax loss carry-forward	-6.908.798	-4.096.305
Transferred to deferred tax asset	6.255.000	3.276.361
	<u>0</u>	<u>0</u>
Deferred tax asset		
Calculated tax asset	6.255.000	3.276.515
Write-down to assessed value	-6.255.000	-2.110.154
Carrying amount	<u>0</u>	<u>1.166.361</u>

11 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Convertible and profit-yielding instruments of debt

Between 1 and 5 years	0	8.552.323
Long-term part	0	8.552.323
Within 1 year	12.079.544	1.041.856
	<u>12.079.544</u>	<u>9.594.179</u>

Other payables

Between 1 and 5 years	3.545.886	179.903
Long-term part	3.545.886	179.903
Other short-term payables	1.370.705	2.265.146
	<u>4.916.591</u>	<u>2.445.049</u>

The convertible and profit-yielding instrument of debt will convert to equity when they fall due and as such no payment is expected to be materialized. Refer to note no. 3 for subsequent events regarding share capital increase via a debt conversion.

Notes to the Financial Statements

	<u>2020</u> DKK	<u>2019</u> DKK
12 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Rental and lease obligations:		
Within 1 year	689.679	282.666
Between 1 and 5 years	<u>626.076</u>	<u>82.719</u>
	<u>1.315.755</u>	<u>365.385</u>

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of TM Capital ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

13 Accounting Policies

The Annual Report of The Many A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 are presented in DKK.

Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

13 Accounting Policies (continued)

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Revenue is recognised when the risks relating to the service have been transferred, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of leasehold improvements and other fixtures.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Notes to the Financial Statements

13 Accounting Policies (continued)

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with TM Capital ApS. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Development projects

Costs of development projects comprise salaries, and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item "Reserve for development costs". The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time

Notes to the Financial Statements

13 Accounting Policies (continued)

when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and equipment	3 years
Leasehold improvements	3-5 years

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are measured at fair value. If a revaluation results in an increase in value, it is credited and accumulated in equity under "Revaluation reserve". A decrease arising as a result of revaluation is reversed in the equity reserve.

Revaluations are carried out regularly to assess that the carrying amount does not differ materially from its fair value at the balance sheet date.

Other fixed asset investments

Other fixed asset investments consist of deposits and investments in unlisted portfolio shares where the ownership is below 20%. Other fixed asset investments are measured at cost. Where cost exceeds their recoverable amount, write-down is made to this lower value.

Receivables

Receivables are measured in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments comprise prepaid expenses concerning insurance premiums.

Notes to the Financial Statements

13 Accounting Policies (continued)

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.