



**DONKEYREPUBLIC ADMIN APS**  
**SKELBÆKGADE 4 4. TH., 1717 KØBENHAVN V**  
**ANNUAL REPORT**  
**1 JANUARY - 31 DECEMBER 2022**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 28 April 2023**

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**Christian Dufft**

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**COMPANY DETAILS**

<b>Company</b>	DonkeyRepublic Admin ApS Skelbækgade 4 4. th. 1717 Copenhagen V
	CVR No.: 38 04 94 88 Established: 29 September 2016 Municipality: Copenhagen Financial Year: 1 January - 31 December
<b>Board of Directors</b>	Caroline Søeborg Ahlefeldt-Laurvig-Bille, chairman Jens Kramer Mikkelsen Jesper Lilledal Holmgaard Karl Erik Wenngren Laurent Mercat Marina Kolesnik
<b>Executive Board</b>	Niels Henrik Rasmussen Christian Dufft
<b>Auditor</b>	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 2300 Copenhagen S

## MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of DonkeyRepublic Admin ApS for the financial year 1 January - 31 December 2022.

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 Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen, 28 April 2023

### Executive Board

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Niels Henrik Rasmussen  
Chief Executive Officer

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Christian Dufft  
Chief Financial Officer

### Board of Directors

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Caroline Søbørg Ahlefeldt-  
Laurvig-Bille  
Chairman

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Jens Kramer Mikkelsen

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Jesper Lilledal Holmgaard

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Karl Erik Wenngren

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Laurent Mercat

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Marina Kolesnik

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of DonkeyRepublic Admin ApS

#### Opinion

We have audited the Financial Statements of DonkeyRepublic Admin ApS for the financial year 1 January - 31 December 2022, which comprise income statement, Balance Sheet, statement of changes in equity, notes and 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 assets, liabilities and financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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' International Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

#### Material uncertainty related to going concern

We refer to note 14 in the financial statements which indicate that the company's continued operations, depends on further capital injection from investor and new loans at Group level, for the company to continue the current growth strategy. Management expect that both the capital injection and refinancing will be solved at Group level. Due to uncertainty related to both capital injections from investors and refinancing of the loan there is material uncertainty related to going concern at Group level.

Since Donkeyrepublic Admin ApS is an integrated part of the Donkeyrepublic group, the uncertainty is also related to Donkeyrepublic Admin ApS.

#### 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 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 judgment and maintain professional skepticism 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 Company's internal control.
- 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 in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the company or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

### **Statement on Management Commentary**

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover 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 Management Commentary and, in doing so, consider whether Management Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that 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 Management Commentary.

**INDEPENDENT AUDITOR'S REPORT**

Copenhagen S, 28 April 2023

Deloitte Statsautoriseret Revisionspartnerselskab  
CVR no. 33 96 35 56

Claus Jorch Andersen  
State Authorised Public Accountant  
MNE no. mne33712

## MANAGEMENT COMMENTARY

### Principal activities

The primary activity of the Company is acting as an agent in regards to the rental of bikes. The Company operates a platform enabling bike owners to rent their bikes to end users. For this service, the Company keeps a part of the rental income.

### Development in activities and financial and economic position

For a more detailed overview of the operational highlights of the DonkeyRepublic Group, please see the Consolidated Group commentary in the Consolidated Annual Report of DonkeyRepublic Holding A/S.

The income statement shows a loss after tax amounting to DKK ('000) -40,949 and the balance sheet shows equity of DKK ('000) 19,502 with a total asset sum of DKK ('000) 86,134. The result is not satisfactory for management, due to the higher resulting of the delayed delivery of the bikes that was caused primarily by COVID lockdowns in the suppliers countries.

The Company's sole owner, DonkeyRepublic Holding A/S, has issued a letter of support, whereby it confirms that it has undertaken the obligation to provide the necessary cash and capital, to ensure that the Company will be able to continue operating.

### Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the Company's financial position.



## INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2022 DKK	2021 DKK
<b>NET REVENUE</b> .....		<b>121.390.774</b>	<b>44.249.281</b>
Cost of sales.....		-100.259.898	-29.034.733
Other operating income.....		288.051	358.260
Other external expenses.....		-25.001.006	-11.568.736
<b>GROSS PROFIT/LOSS</b> .....		<b>-3.582.079</b>	<b>4.004.072</b>
Staff costs.....	1	-33.091.252	-19.157.691
Depreciation, amortisation and impairment losses.....		-2.566.683	-242.069
<b>OPERATING LOSS</b> .....		<b>-39.240.014</b>	<b>-15.395.688</b>
Other financial income.....	2	3.456.735	604.018
Other financial expenses.....	3	-6.770.177	-1.321.128
<b>LOSS BEFORE TAX</b> .....		<b>-42.553.456</b>	<b>-16.112.798</b>
Tax on profit/loss for the year.....	4	1.604.781	637.705
<b>LOSS FOR THE YEAR</b> .....		<b>-40.948.675</b>	<b>-15.475.093</b>
<b>PROPOSED DISTRIBUTION OF PROFIT</b>			
Retained earnings.....		-40.948.675	-15.475.093
<b>TOTAL</b> .....		<b>-40.948.675</b>	<b>-15.475.093</b>

## BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2022 DKK	2021 DKK
Development projects completed.....		274.226	418.487
<b>Intangible assets.....</b>	<b>5</b>	<b>274.226</b>	<b>418.487</b>
Other plant, machinery tools and equipment.....		1.927.194	643.978
Leasehold improvements.....		39.270	32.438
<b>Property, plant and equipment.....</b>	<b>6</b>	<b>1.966.464</b>	<b>676.416</b>
Investments in subsidiaries.....		757.315	459.617
Rent deposit and other receivables.....		1.292.523	1.208.458
<b>Financial non-current assets.....</b>	<b>7</b>	<b>2.049.838</b>	<b>1.668.075</b>
<b>NON-CURRENT ASSETS.....</b>		<b>4.290.528</b>	<b>2.762.978</b>
Finished goods and goods for resale.....		18.691.485	3.666.801
Prepayments.....		24.554.674	25.196.582
<b>Inventories.....</b>	<b>8</b>	<b>43.246.159</b>	<b>28.863.383</b>
Trade receivables.....		10.563.695	12.748.273
Receivables from group enterprises.....		14.064.047	0
Other receivables.....		105.351	0
Corporation tax receivable.....		1.452.309	679.969
Joint tax contribution receivable.....		152.472	0
Prepayments.....		1.666.983	592.916
<b>Receivables.....</b>		<b>28.004.857</b>	<b>14.021.158</b>
<b>Cash and cash equivalents.....</b>		<b>10.592.948</b>	<b>26.395.824</b>
<b>CURRENT ASSETS.....</b>		<b>81.843.964</b>	<b>69.280.365</b>
<b>ASSETS.....</b>		<b>86.134.492</b>	<b>72.043.343</b>

## BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2022 DKK	2021 DKK
Share capital.....		50.000	50.000
Reserve for development costs.....		213.896	326.420
Retained earnings.....		19.238.228	20.074.379
<b>EQUITY.....</b>		<b>19.502.124</b>	<b>20.450.799</b>
Other provisions.....	9	3.612.639	0
<b>PROVISIONS.....</b>		<b>3.612.639</b>	<b>0</b>
Debt to other credit institutions.....		13.530.000	20.910.000
Other liabilities.....		0	1.233.233
<b>Non-current liabilities.....</b>	<b>10</b>	<b>13.530.000</b>	<b>22.143.233</b>
Current portion of non-current liabilities.....		7.957.861	3.690.000
Trade payables.....		11.063.348	3.518.129
Debt to Group companies.....		5.766.771	13.441.531
Other liabilities.....		13.513.675	2.626.624
Deferred income.....		11.188.074	6.173.027
<b>Current liabilities.....</b>		<b>49.489.729</b>	<b>29.449.311</b>
<b>LIABILITIES.....</b>		<b>63.019.729</b>	<b>51.592.544</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>86.134.492</b>	<b>72.043.343</b>
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## EQUITY

	Share capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2022.....	50.000	326.420	20.074.379	20.450.799
Proposed profit allocation.....			-40.948.675	-40.948.675
<b>Transactions with owners</b>				
Group contribution.....			40.000.000	40.000.000
<b>Other legal bindings</b>				
Capitalized development costs.....			112.524	112.524
<b>Transfers</b>				
Depreciations.....		-144.262		-144.262
<b>Tax on changes in equity.....</b>		<b>31.738</b>		<b>31.738</b>
<b>Equity at 31 December 2022.....</b>	<b>50.000</b>	<b>213.896</b>	<b>19.238.228</b>	<b>19.502.124</b>

## NOTES

	2022 DKK	2021 DKK	Note
<b>Staff costs</b>			<b>1</b>
Average number of employees	65	39	
Wages and salaries.....	31.437.891	18.636.178	
Pensions.....	593.016	0	
Social security costs.....	493.250	304.145	
Other staff costs.....	567.095	217.368	
	<b>33.091.252</b>	<b>19.157.691</b>	
<b>Other financial income</b>			<b>2</b>
Group enterprises.....	0	94.500	
Other interest income.....	3.456.735	509.518	
	<b>3.456.735</b>	<b>604.018</b>	
<b>Other financial expenses</b>			<b>3</b>
Group enterprises.....	1.463.204	597.842	
Other interest expenses.....	5.306.973	723.286	
	<b>6.770.177</b>	<b>1.321.128</b>	
<b>Tax on profit/loss for the year</b>			<b>4</b>
Calculated tax on taxable income of the year.....	-1.604.781	-679.969	
Adjustment of tax in previous years.....	0	42.264	
	<b>-1.604.781</b>	<b>-637.705</b>	
<b>Intangible assets</b>			<b>5</b>
		Development projects completed	
Cost at 1 January 2022.....		716.245	
<b>Cost at 31 December 2022.....</b>		<b>716.245</b>	
Amortisation at 1 January 2022.....		297.757	
Amortisation for the year.....		144.262	
<b>Amortisation at 31 December 2022.....</b>		<b>442.019</b>	
<b>Carrying amount at 31 December 2022.....</b>		<b>274.226</b>	

The entity's development projects relate to development of a new and improved DonkeyRepublic Bike design, which is expected to increase reliability and decrease maintenance cost of bikes as well as a number of other improvements.

## NOTES

			Note
<b>Property, plant and equipment</b>			<b>6</b>
	Other plant, machinery tools and equipment	Leasehold improvements	
Cost at 1 January 2022.....	1.386.407	59.361	
Additions.....	3.679.174	33.295	
<b>Cost at 31 December 2022.....</b>	<b>5.065.581</b>	<b>92.656</b>	
Depreciation and impairment losses at 1 January 2022.....	742.429	26.923	
Impairment losses.....	2.077.050	0	
Depreciation for the year.....	318.908	26.463	
<b>Depreciation and impairment losses at 31 December 2022....</b>	<b>3.138.387</b>	<b>53.386</b>	
<b>Carrying amount at 31 December 2022.....</b>	<b>1.927.194</b>	<b>39.270</b>	
 <b>Financial non-current assets</b>			 <b>7</b>
	Investments in subsidiaries	Rent deposit and other receivables	
Cost at 1 January 2022.....	459.111	1.208.458	
Additions.....	298.204	84.065	
<b>Cost at 31 December 2022.....</b>	<b>757.315</b>	<b>1.292.523</b>	
<b>Carrying amount at 31 December 2022.....</b>	<b>757.315</b>	<b>1.292.523</b>	
	<b>2022</b>	<b>2021</b>	
	DKK	DKK	
<b>Inventories</b>			<b>8</b>
Finished goods and goods for resale.....	18.691.485	3.666.801	
Prepayments.....	24.554.674	25.196.582	
	<b>43.246.159</b>	<b>28.863.383</b>	

Prepayments for inventory amounts to DKK ('000) 24,555 for 2022, and consists of prepayments made to the a number of the groups suppliers of components and bikes. At 31 December 2022 an updated assessment has been made and management has no indications of impairment or uncertainty related to the value of the prepayments. The bikes and components are expected to be delivered throughout the year of 2023. Donkey Republic has a number of internal process and controls to mitigate the risk of impairment including detailed supplier verification test, factory visits and regular status meetings. However, future impact of suppliers being challenged by the current economic uncertainties in supply chain and inflation etc. could entail uncertainties in delivery time etc. Management has very high focus on this and if any potential risk arise management will ensure to mitigate and take action if needed.

## NOTES

	2022 DKK	2021 DKK	Note
<b>Other provisions</b>			<b>9</b>
0-1 year.....	3.612.639	0	

As stipulated in the agreement between provider of subsidy in Antwerp and DonkeyRepublic, a penalty will be applied for bikes that are delivered with delay. The penalty is estimated to DKK ('000) 3,613, for which the provision has been done in 2022. The recognition is subject to uncertainty due to ongoing negotiations about global cause of the delay that was caused primarily by COVID.

### Long-term liabilities 10

	31/12 2022 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2021 total liabilities
Debt to other credit institutions.....	21.487.861	7.380.000	820.000	24.600.000
Other liabilities.....	0	577.861	0	1.233.233
	<b>21.487.861</b>	<b>7.957.861</b>	<b>820.000</b>	<b>25.833.233</b>

### Contingencies etc. 11

#### Contingent assets

The company has a tax loss carryforward, which is not recognized in the balance sheet, as it is not assessed that it can be utilized within a period of 3-5 years. The value of the tax loss amounts to DKK ('000) 78,346 per December 31, 2022.

#### Contingent liabilities

The Company has entered into rent obligations, which at the balance sheet date amount to DKK ('000) 4,214 in the notice period, which expires on 31 December 2026.

The company has entered into leasing agreements with a remaining term of up to 48 months. The leasing contracts have a total residual leasing obligation of DKK ('000) 3,504.

#### Joint liabilities

The Company is jointly and severally liable together with the Parent Company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of DonkeyRepublic Holding A/S, which serves as management Company for the joint taxation.

### Charges and securities 12

A floating charge of nominally DKK ('000) 37,350 has been provided to Vækstfonden and a floating charge of nominally DKK ('000) 53,200 has been provided to DGIF. The floating charges provides collateral in intangible assets, property, plant and equipment, inventories and trade receivables across DonkeyRepublic Admin ApS, DonkeyRepublic Bike ApS and DonkeyRepublic Holding A/S. The book value of assets charged as collateral amounts to DKK ('000) 30,068 in DonkeyRepublic Admin ApS. The assets are charged as collateral against loans from Vækstfonden across the three Companies.

Lastly, a negative pledge have been made in favor of Vækstfonden, which ensures that no other debtor can post a colleteral in the entity's assets.

## NOTES

### Note

#### Related parties

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##### Transactions with related parties

The Company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

##### Uncertainty with respect to going concern

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Donkeyrepublic Admin is an integrated part of Donkey group and for the execution of some parts of the growth business plan at group level further funding needs to be secured. This refers to the investment plan regarding fleet growth, development of new products and growth of the sales pipeline for 2024 and beyond.

The Group has an existing loan facility that is connected to a further extension of the Group's Antwerp operation. The Group is actively working on a private placement (at the range of EUR 1-2M) at market price to be completed within the first half of the year, to strengthen the balance sheet and provide funding (at the range of EUR 2-3M) for some of the above mentioned activities.

Should the current financing activities fail to be completed (wholly or partly) or be delayed, management has a mitigation plan in place that could offset shortcomings regarding the availability of funding. This plan would lead to a lower growth ambition in 2024.

The Financial Statements are prepared on the assumptions, that the necessary funding will be obtained at Group level through one or more of the current ongoing dialogues, and therefore prepared on a going concern basis. However, material uncertainty exists to the group's continued operations.

##### Consolidated Financial Statements

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The Company is included in the consolidated financial statements of the ultimate parent, DonkeyRepublic Holding A/S, Skelbækgade 4, 4. th., 1717 Copenhagen V.



## ACCOUNTING POLICIES

The Annual Report of DonkeyRepublic Admin ApS for 2022 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles 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.

### Consolidated Financial Statements

Consolidated Financial Statements have not been prepared because the group fulfils the exemption provisions of section 112 of the Danish Financial Statements Act on sub-groups. The Company is included in the consolidated Financial Statements of DonkeyRepublic Holding A/S, Skelbækgade 4, 4. th., 1717 Copenhagen V.

## INCOME STATEMENT

### Net revenue

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

### Other operating income

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

### Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

### 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.

## ACCOUNTING POLICIES

### **Income from investments in subsidiaries**

Dividend from subsidiaries is recognised in the financial year in which the dividend is declared. In connection with transfers, potential profits are recognised when the economic rights related to the sold equity interests are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

### **Depreciation, amortisation and impairment losses**

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

### **Financial income and expenses**

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

### **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 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).

## ACCOUNTING POLICIES

### BALANCE SHEET

#### Intangible fixed assets

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

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.

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.

#### Tangible fixed assets

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:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment.....	5 years	0 %
Leasehold improvements.....	5 years	0 %

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.

#### Financial non-current assets

Equity investments in subsidiaries are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

Deposits include rental deposits which are recognised and measured at cost. Deposits are not depreciated.

Financial fixed assets include also other equity interests that are not expected to be disposed of. These are measured at cost because the equity interests are unlisted.

## ACCOUNTING POLICIES

Other receivables are measured at amortised cost which usually corresponds to the nominal amount. The amount is written down to meet expected losses.

### **Impairment of fixed assets**

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value,, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

### **Inventories**

Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct payroll cost and other direct production cost.

The net realisable value of inventories is stated at the expected sales price less direct completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price of the inventories.

### **Receivables**

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

### **Accruals, assets**

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

### **Other provisions for liabilities**

Warranty commitments include liabilities for improvement of work within the warranty period of 1 to 5 years. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

## ACCOUNTING POLICIES

### Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff 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 under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

### Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

### Deferred income

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