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Company Registration No. 38916394

Amazon Data Services Denmark ApS

Annual Report

For the year ended December 31, 2022

c/o Azets Insight A/S, Lyskaer 3C, 1. TV.,
Herlev, 2730,
Denmark

The Annual Report was presented and adopted at the
Annual General Meeting of the Company
on 2nd March 2023

Rasmus Schou Pedersen
Chairman of the general meeting

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Amazon Data Services Denmark ApS
38916394

Management Statement

The Executive Board have today considered and adopted the Management Statement, Management Review and Financial Statements of Amazon Data Services Denmark ApS for the year ended December 31, 2022.

The Management Statement, Management Review and Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements of the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position at December 31, 2022 of the Company and of the results of the Company's operations for the year.

The financial statements of the Company have been subjected to an extended review by an independent audit firm in line with requirements of the Danish Financial Statements Act.

We recommend that the Management Statement, Management Review and Financial Statements be adopted at the Annual General Meeting.

Management

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February 16, 2023

Nina Roed

Management Review

The Company's revenue for the year ended December 31, 2022 was DKK 19,086,943 (2021: DKK 20,580,841).

The Company's profit for the year was DKK 886,369 (2021: DKK 783,423).

Principal Activities

The principal activity of the Company is the provision of data hosting services to related parties.

Going Concern

The financial statements have been prepared on a going concern basis as we have ready access to financial resources and there are reasonable grounds to believe that we will be able to pay our debts as and when they become due and payable.

Principal Risks and Uncertainties

The Company is dependent on the continued success of the Amazon.com group companies. The principal risks and uncertainties they face include, among others, risks related to competition, management growth, new products, services and technologies, potential fluctuations in operating results, international expansion, outcomes of legal proceedings and claims, data center and fulfilment center optimization, seasonality, commercial agreements, acquisitions and strategic transactions, foreign exchange rates, loss of key personnel, system interruption, data loss or security breaches, inventory, intellectual property rights, stock price volatility, government regulation and taxation, payments and fraud. More information about the principal risks and uncertainties facing the group is included in Amazon.com, Inc's filings with the U.S. Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended December 31, 2022, and all subsequent filings.

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Independent auditor's report

To the shareholders of Amazon Data Services Denmark ApS

Conclusion

We have performed an extended review of the financial statements of Amazon Data Services Denmark ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Based on the work performed, in our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2022 in accordance with International Financial Reporting as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR - Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements" section of our report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Independence

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) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 International Financial Reporting Standards as adopted by the EU and additional requirements of 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 extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the financial statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the financial statements.

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Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

Our conclusion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the extended review, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the 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 of the Management's review.

Copenhagen, 16 February 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Birgit Morville Schrøder
State Authorised
Public Accountant
mne21337

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Amazon Data Services Denmark ApS
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Statement of Cash Flows

	Year ended December 31,	
	2021	**2022**
	DKK	**DKK**
Cash and cash equivalents, beginning of year	21,971,021	—
OPERATING ACTIVITIES:		
Net income / (loss)	783,423	886,368
Adjustments to reconcile net income / (loss) to net cash from operating activities:		
Depreciation of property and equipment and lease assets	10,029,806	8,977,236
Finance income	97,991	72,652
Deferred income taxes	(553,531)	706,500
Amounts due from / to related parties, net	(19,576,249)	4,080,919
Accounts receivable, net and other	(301,493)	(1,691,016)
Prepayments	(161,606)	122,880
Accounts payable	3,192,058	4,121,589
Accrued expenses and other	(1,050,862)	5,986,015
Other assets	32,845	111,500
Cash received for interest	1,334	69,653
Cash paid for interest	(24)	(211,297)
Cash paid for income taxes	(4,418,622)	(2,578,462)
Net cash provided by (used in) operating activities	(11,924,930)	20,654,536
INVESTING ACTIVITIES:		
Purchases of property and equipment	(3,048,405)	(14,940,560)
Net cash provided by (used in) investing activities	(3,048,405)	(14,940,560)
FINANCING ACTIVITIES:		
Principal repayments of lease liabilities	(6,997,686)	(5,713,976)
Net cash provided by (used in) financing activities	(6,997,686)	(5,713,976)
Net increase (decrease) in cash and cash equivalents	(21,971,021)	—
Cash and cash equivalents, end of year	—	—

See accompanying notes to Annual Report

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Statement of Comprehensive Income

	Note	Year ended December 31, 2021 DKK	2022 DKK
Net service sales	4	20,580,841	19,086,943
General and administrative expenses	2	(19,600,924)	(18,069,539)
Operating income		979,917	1,017,404
Finance income		1,334	69,653
Finance costs		(24)	(212,435)
Other income (expense), net	1.4	(11,231)	1,313
Income before income taxes		969,996	875,935
Provision for income taxes	3	(186,573)	10,434
Net income representing total comprehensive income		783,423	886,369

See accompanying notes to Annual Report

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Balance Sheet

	Note	December 31, 2021 DKK	2022 DKK
CURRENT ASSETS			
Amounts due from related parties	4	22,292,409	17,224,478
Accounts receivable, net and other	1.7	717,238	3,906,684
Prepayments		215,293	92,413
Income tax receivable		2,264,216	—
Total current assets		25,489,156	21,223,575
NON-CURRENT ASSETS			
Property and equipment, net	5	13,076,076	27,314,078
Leases	6	7,048,169	36,461,480
Deferred tax assets	3	1,154,911	448,411
Other assets	1.10	399,738	288,238
Total non-current assets		21,678,894	64,512,207
Total assets		47,168,050	85,735,782
CURRENT LIABILITIES			
Accounts payable		3,869,407	7,915,285
Accrued expenses and other	1.11	110,318	15,122,069
Amounts due to related parties	4	1,080,582	77,889
Total current liabilities		5,060,307	23,115,243
NON-CURRENT LIABILITIES			
Long-term lease liabilities	6	—	19,626,427
Total non-current liabilities		—	19,626,427
STOCKHOLDER'S EQUITY			
Share capital, DKK10 par value:			
Authorized shares – Unlimited and Unlimited			
Issued shares – 5,000 and 5,000			
Outstanding shares – 5,000 and 5,000		50,000	50,000
Additional paid-in capital		39,300,000	39,300,000
Stock-based compensation reserve		27,365	27,365
Retained earnings		2,730,378	3,616,747
Total stockholder's equity		42,107,743	42,994,112
Total liabilities and stockholder's equity		47,168,050	85,735,782

DocuSigned by:

February 16, 2023

Executive officer

See accompanying notes to Annual Report

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Statement of Stockholder's Equity

	Share capital	Additional paid-in capital	Stock-based compensation reserve	Retained earnings	Total stockholder's equity
	DKK	DKK	DKK	DKK	DKK
Balance at January 1, 2021	50,000	39,300,000	27,365	1,946,955	41,324,320
Net income representing total	—	—	—	783,423	783,423
Balance as at December 31, 2021	50,000	39,300,000	27,365	2,730,378	42,107,743
Net income	—	—	—	886,369	886,369
Balance as at December 31, 2022	50,000	39,300,000	27,365	3,616,747	42,994,112

See accompanying notes to Annual Report

DESCRIPTION OF BUSINESS AND ACCOUNTING POLICIES

1.1 Description of business

Amazon Data Services Denmark ApS ("we", "our" or "the Company") is a private limited company domiciled in Denmark. Our registered address is located at c/o Azets Insights A/S, Lyskaer 3c, 1. tv., Herlev, 2730, Denmark.

Our immediate parent is A100 Row Inc. ("the Parent"), a company incorporated in United States of America. Our ultimate parent entity is Amazon.com, Inc., a company incorporated in the United States of America.

Our principal activity is the provision of data hosting services to related parties.

Our Annual Report was authorized for issue by the board of directors on February 16, 2023.

1.2 Basis of preparation

The Annual Report has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by EU, and in conformity with the Danish Financial Statements Act, as laid down in the IFRS order issued in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting Class B as well as selected provisions as regards larger entities. The Annual Report has been prepared using the accrual basis of accounting and on the basis of historical cost.

The Annual Report has been presented in Danish Krone ("DKK"), which is also our functional currency.

Comparative information has been updated where necessary to conform to changes in presentation in the current period.

1.3 Revenue

Revenue is measured based on the amount of consideration that we expect to receive. Revenue also excludes any amounts collected on behalf of third parties, including VAT.

A description of our principal revenue generating activities is as follows:

Revenue from related parties – We provide data hosting services to related parties. Revenue is recognized over time as services are rendered.

1.4 Other income (expense), net

Other income (expense), net, consists primarily of foreign currency (losses) gains of (DKK11,231) and DKK1,313 in 2021 and 2022.

1.5 Income taxes

Income taxes have been provided for using an asset and liability based approach.

Deferred income tax balances reflect the effects of temporary differences between the carrying amounts of assets and liabilities and their tax bases, as well as net operating loss and tax credit carryforwards, and are stated at enacted or substantively enacted tax rates expected to be in effect when taxes are actually paid or recovered.

Deferred tax assets represent amounts available to reduce income taxes payable in future periods. Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those

temporary differences and losses.

In its capacity as a group company, the company is jointly taxed with other Danish group entities and is jointly and severally liable with the other jointly taxed entities for the payment of income taxes and withholding taxes on dividends, interest, and royalties falling due for payment after the joint taxation became effective.

1.6 Cash and cash equivalents

We classify all highly liquid instruments with an original maturity of three months or less as cash equivalents.

1.7 Accounts receivable, net and other

Included in "Accounts receivable, net and other" on our balance sheet are amounts primarily related to VAT. As of December 31, 2021 and 2022, VAT receivables were DKK717,238 and DKK1,786,762.

1.8 Property and equipment, net

Property and equipment are stated at cost less accumulated depreciation. Costs include costs incurred to acquire or construct an item of property and equipment, and costs incurred subsequently to add to or replace part of it. Incentives that we receive from property and equipment vendors are recorded as a reduction to our costs. Property includes leasehold improvements. Equipment includes assets such as servers and networking equipment, heavy equipment and computers and associated equipment.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets (generally five years for our servers, six years for networking equipment, ten years for heavy equipment, two to five years for computers and associated equipment and the shorter of the lease term or the useful life for leasehold improvements). Depreciation expense is classified within "General and administrative expenses" in the statement of comprehensive income.

1.9 Leases

We record lease assets and liabilities for leases with contractual terms longer than twelve months. For leases of twelve months or less we recognize the rental expense on a straight-line basis over the lease term. Our leases generally have terms that range from 5 to 20 years for equipment and 1 to 5 years for property.

Certain lease contracts include obligations to pay for other services, such as operations and maintenance. For leases of property, we account for these other services as a component of the lease. For substantially all other leases, the services are accounted for separately and we allocate payments to the lease and other services components based on estimated stand-alone prices.

Lease liabilities are recognized at the present value of the fixed lease payments, reduced by landlord incentives using a discount rate based on similarly secured borrowings available to us. Lease assets are recognized based on the initial present value of the fixed lease payments, reduced by landlord incentives, plus any direct costs from executing the leases or lease prepayments reclassified from "Prepayments" upon lease commencement. Lease assets are tested for impairment in the same manner as property and equipment.

When we have the option to extend the lease term, terminate the lease before the contractual expiration date, or purchase the leased asset, and it is reasonably certain that we will exercise the option, we consider the option in determining the measurement of the lease. We remeasure lease liabilities, with a corresponding adjustment to the lease assets, for changes in price indices or market interest rates when there is a change in cash flows.

Lease assets are depreciated within "General and administrative expenses" on a straight-line basis over the

shorter of the estimated useful lives of the assets or, in the instance where title does not transfer at the end of the lease term, the lease term. The interest component of a lease is included in "Finance costs" and recognized using the effective interest method over the lease term.

1.10 Other assets

Other assets consists primarily of non-recurring charges for telecommunication services of DKK399,738 and DKK288,238 as of December 31, 2021 and 2022.

1.11 Accrued expenses and other

Included in "Accrued expenses and other" on our balance sheet are liabilities primarily related to leases (of DKK0 and DKK7,143,609) and accrued accounting expenses (of DKK110,462 and DKK7,098,091) as of December 31, 2021 and 2022.

1.12 Financial instruments

Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognized in our balance sheet when we become party to the contractual provisions of the instruments. We classify financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition. Accounts receivable and amounts due from a related party that do not contain a significant financing component are measured at the transaction price.

A financial asset is classified based on the business model for managing the asset and the asset's contractual cash flow characteristics, as follows:

- A financial asset is subsequently measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:
    - it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
    - its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- A financial asset is subsequently measured at fair value through other comprehensive income if it is held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Any financial assets that are not held in one of the two business models mentioned above are measured at fair value through profit or loss.

Financial assets at amortized cost are subsequently measured using the effective interest rate ("EIR") method. EIR is deemed to be nil due to short term maturity of the financial assets.

Our financial assets and liabilities consist of cash and cash equivalents, amounts due from related parties, accounts receivable, net and other (excluding VAT receivable), accounts payable, lease liabilities and amounts due to related parties.

Our financial liabilities are classified as subsequently measured at amortized cost.

Derecognition

Financial assets and financial liabilities are derecognized from our balance sheet when the contractual rights over the cash flows are extinguished or have been transferred, provided that in that transfer the risks and benefits inherent to ownership have been substantially conveyed.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

1.13 Foreign currency

Transactions denominated in foreign currencies are initially recognized at the rates of exchange on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates at the reporting date.

Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated into the functional currency using the exchange rates at the date when the fair value was determined.

Currency translation differences are recognized in the statement of comprehensive income.

1.14 Use of estimates

The preparation of Annual Report in conformity with IFRS requires estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent liabilities in the Annual Report and accompanying notes.

Estimates are used for, but not limited to, useful lives of equipment. Actual results could differ materially from this estimate.

For example, we review the useful lives of equipment on an ongoing basis, and effective January 1, 2022 we changed our estimate of useful lives for servers from four to five years, and for our networking equipment from five to six years. The longer useful lives are due to continuous improvements in our hardware, software and data centre designs.

2. General and administrative expenses

Significant items included within "General and administrative expenses", include:

	Year ended December 31,	
	Year ended December 31, 2021 DKK	Year ended December 31, 2022 DKK
Depreciation of property and equipment and lease assets	10,029,806	8,977,223
Facilities	4,311,018	3,481,700
Telecommunication costs	4,697,270	4,482,509

3. Income taxes

The components of the provision for income taxes are as follows:

	Year ended December 31,	
	2021 DKK	2022 DKK
Current taxes	740,104	(716,934)
Deferred taxes	(553,531)	706,500
Provision for income taxes	186,573	(10,434)

The items accounting for differences between income taxes computed at the statutory rate and the provision recorded for income taxes are as follows:

	Year ended December 31,	
	December 31, 2021 DKK	December 31, 2022 DKK
Income before income taxes	969,996	875,935
Income taxes computed at the statutory rate: 22%	213,399	192,706
Effect of:		
Other	(26,826)	(203,140)
Total provision for income taxes	186,573	(10,434)

Deferred income tax assets and liabilities are as follows:

	December 31,	
	2021 DKK	2022 DKK
Deferred tax assets:		
Depreciation and amortization	1,154,911	448,411
Total deferred tax assets	1,154,911	448,411

4. Related parties

Related party transactions and balances:

During the year, we entered into the following transactions with related parties:

	Sale of services		Purchase of property and equipment	
	2021	2022	2021	2022
	DKK	DKK	DKK	DKK
Other related parties	20,580,841	19,086,943	(70,795)	(70,204)

As of December 31,	Amounts due from related parties		Amounts due to related parties	
	2021	2022	2021	2022
	DKK	DKK	DKK	DKK
Other related parties	22,292,409	17,224,478	1,080,582	77,889

Amounts due from other related parties includes DKK11,432,329 (2021: DKK20,994,586) related to cash pooling arrangements, repayable on demand and bearing interest at 0% (2021: 0%).

Amounts due to/from related parties are unsecured, non-interest bearing and payable within 90 days from the date of invoice. No guarantees have been given or received. No expense has been recognized in 2021 and 2022, for bad or doubtful debts in respect of amounts owed by related parties.

Remuneration of key management personnel
No remuneration was paid to the key management personnel in 2021 and 2022.

5. Property and equipment, net

	Leasehold improvements	Equipment	Total
	DKK	DKK	DKK
Net book value at January 1, 2021	91,668	19,327,651	19,419,319
Additions	—	3,048,405	3,048,405
Depreciation	(91,668)	(9,299,980)	(9,391,648)
Net book value at December 31, 2021	—	13,076,076	13,076,076
Net book value at January 1, 2022	—	13,076,076	13,076,076
Additions	73,998	20,064,380	20,138,378
Depreciation	(3,565)	(5,896,811)	(5,900,376)
Net book value at December 31, 2022	70,433	27,243,645	27,314,078

At December 31, 2021			
Cost	359,000	43,837,087	44,196,087
Accumulated depreciation	(359,000)	(30,761,011)	(31,120,011)
Net book value	—	13,076,076	13,076,076
At December 31, 2022			
Cost	373,998	63,901,467	64,275,465
Accumulated depreciation	(303,565)	(36,657,822)	(36,961,387)
Net book value	70,433	27,243,645	27,314,078

6. Leases

We have entered into non-cancellable leases for facilities and equipment. The carrying amount of lease assets at December 31, 2021 and 2022, and additions and depreciation expense for the year then ended are as follows:

	Equipment DKK	Property DKK	Total DKK
December 31, 2021			
Additions	6,743,438	501,686	7,245,124
Depreciation expense	(196,636)	(441,522)	(638,158)
Carrying amount	6,546,802	501,367	7,048,169
December 31, 2022			
Additions	—	32,490,172	32,490,172
Depreciation expense	(337,162)	(2,739,686)	(3,076,848)
Carrying amount	6,209,627	30,251,853	36,461,480

Other information about lease amounts recognized in our financial statements is summarized as follows:

	Year ended December 31,	
	December 31, 2021 DKK	December 31, 2022 DKK
Interest on lease liabilities (recognized in "Finance costs")	23	211,297
Expense relating to short-term leases and variable lease cost (recognized in "Facilities" in note 2 "General and administrative expenses")	2,750,764	2,273,008
Total cash outflow for leases	9,748,473	8,198,281

Our lease liabilities, by maturity, were as follows:

	December 31,	
	2021	**2022**
	DKK	**DKK**
Less than one year	—	7,678,729
Between one and five years	—	20,419,575
Total minimum lease payments	—	28,098,304
Less: imputed interest	—	(1,328,268)
Present value of lease payments	—	26,770,036

We are committed to leases not yet commenced with a present value of future lease payments totaling DKK16,291,921. This is not reflected in the lease liabilities as at December 31, 2022.

7. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	December 31,	
	2021	**2022**
	DKK	**DKK**
Financial assets at amortized cost		
Amounts due from related parties	22,292,409	17,224,478
Accounts receivable, net and other	—	2,119,921
Total	22,292,409	19,344,399

	December 31,	
	2021	**2022**
	DKK	**DKK**
Financial liabilities at amortized cost		
Accounts payable	3,869,407	7,915,285
Accrued expenses and other	110,318	7,978,460
Amounts due to related parties	1,080,582	77,889
Lease liabilities	—	26,770,036
Total	5,060,307	42,741,670

We consider the carrying amount of all financial instruments approximate their fair value as at December 31, 2021 and 2022.

8. Financial risk management

The main risks arising from our use of financial instruments are liquidity risk, credit risk, interest rate risk and foreign exchange risk. We do not hold or issue derivative financial instruments for trading purposes or in our risk management activities. Policies for managing these risks are summarized below.

Liquidity risk

Liquidity risk is the risk that we will not meet future financial obligations due to a shortage of funds. Our financing activities are managed centrally by maintaining an adequate level of cash and cash equivalents to finance our operations. Our surplus funds are also managed centrally by placing them with reputable financial

institutions on varying maturities. We do not use derivatives and other instruments in our risk management activities.
Amounts due to related parties, accounts payable and accrued expenses and other fall due in 90 days or less. The total value of these financial instruments is DKK5,060,307 and DKK23,115,243 as at December 31, 2021 and 2022. Refer to note 6 "Leases" for the maturity analysis of the lease liabilities.

Credit risk

Credit risk arises from cash and cash equivalents. We estimate losses on receivables based on expected losses, including our historical experience of actual losses.

There are no significant concentrations of credit risk, whether through exposure to individual customers or specific industry sectors. As at December 31, 2021 and 2022, no material financial assets were past due or impaired. We only deposit cash with major banks with high quality credit standing and limit exposure to any one counter-party.

Interest rate risk

We do not hold any financial assets or liabilities that are subject to significant risk as a result of changes in interest rates. Therefore, any changes in interest rates at the reporting date would not affect the result for the year.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Our exposure to the risk of changes in foreign exchange rates relates primarily to our operating activities.

We have foreign exchange risk related to EUR denominated accounts receivable net and other, accounts payable, accrued expenses and amounts due from/to related parties. Based on the balance of these items as of December 31, 2022, of DKK8,850,432, an assumed 1% adverse change to the EUR would result in losses of DKK88,504, recorded to "Other income (expense), net". Our exposure to foreign currency changes for all other currencies is not material. Having performed a sensitivity analysis on all foreign currency balances, management believe that foreign currency risk is not material to the annual report.

9. Capital management

We consider share capital, additional paid-in capital and all other equity reserves as capital. We manage our capital structure and make adjustments in light of changes in economic conditions and our needs.