CHRISTENSEN
KJÆRULFF
PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

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1264 KØBENHAVN K

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# Addora Holding ApS

**Vesterbrogade 1 C, 6., 1620 København V**

**Company reg. no. 39 94 75 01**

## Annual report

## 1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 31 May 2021.

Rico Lohse Andersen
Chairman of the meeting

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

# Contents

# Management's report

Today, the board of directors and the managing director have presented the annual report of Addora Holding ApS for the financial year 1 January - 31 December 2020.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities in the financial year 1 January – 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Copenhagen, 31 May 2021

**Managing Director**

Rico Lohse Andersen

**Board of directors**

| | | |
|---|---|---|
| Siegfried Wolfgang Heimgärtner<br>Chairman of the Board | Ariel Lebowits | Julian Charles Lucas Bennet |
| Gilbert Benjamin Kamieniecky | Rico Lohse Andersen | Martin Hegelund Møller |

# Independent auditor's report

**To the shareholders of Addora Holding ApS**

**Opinion**

We have audited the financial statements of Addora Holding ApS for the financial year 1 January - 31 December 2020, which comprise income statement, statement of financial position, statement of changes in equity, notes and accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

**Basis for opinion**

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), 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.

**Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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 international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

**Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 31 May 2021

**Christensen Kjærulff**

Company reg. no. 15 91 56 41

John Mikkelsen
State Authorised Public Accountant
mne26748

# Company information

| | | |
|---|---|---|
| **The company** | Addora Holding ApS<br>Vesterbrogade 1 C, 6.<br>1620 København V | |
| | E mail | info@meneto.com |
| | Company reg. no. | 39 94 75 01 |
| | Established: | 12 October 2018 |
| | Domicile: | Copenhagen |
| | Financial year: | 1 January - 31 December |
| **Board of directors** | Siegfried Wolfgang Heimgärtner, Chairman of the Board<br>Ariel Lebowits<br>Julian Charles Lucas Bennet<br>Gilbert Benjamin Kamieniecky<br>Rico Lohse Andersen<br>Martin Hegelund Møller | |
| **Managing Director** | Rico Lohse Andersen | |
| **Auditors** | Christensen Kjærulff<br>Statsautoriseret Revisionsaktieselskab<br>Store Kongensgade 68<br>1264 København K | |
| **Parent company** | Armadillo Investment Limited | |
| **Subsidiary** | Meneto Software ApS, København | |

# Management commentary

**The principal activities of the company**

The company's purpose is to be a holding company and provide services as well as software development.

**Development in activities and financial matters**

Income or loss from ordinary activities after tax totals DKK -12.033.013 against DKK -16.414.698 last year. Management considers the net profit or loss for the year as expected.

**Events occurring after the end of the financial year**

The company faces challenges and financial risks due to the Corona virus / COVID-19.

A number of measures have been taken to ensure the health of employees. The Corona /COVID-19 causes uncertainty both politically / socially and for the company. Current and any future political and economic measures that may be implemented could pose financial risks related to the company's operations and may limit the company's trading opportunities.

It is expected that the level of activity of the company solely on the basis of the political and economic measures that are current at the time of the financial reporting will be significantly reduced over a period of time. The company's current bank credits are necessary for the continuation of the company's planned activities, and the loans must be renegotiated annually according to the loan conditions, which in previous years were provided on unchanged terms.

The current Corona crisis implies an increased uncertainty for renegotiations of loans, but we do not currently have any indications that the necessary credits are not being provided. It is the management's opinion that the policy measures known at the time of financial reporting in conjunction with the expectation that the necessary credit facilities are made available, provide an adequate basis for presenting the financial statements on a going concern basis.

## Income statement

All amounts in DKK.

| Note | | 1/1 2020 - 31/12 2020 | 12/10 2018 - 31/12 2019 |
|---|---|---|---|
| | **Gross profit** | **11.356.604** | **5.204.277** |
| 1 | Staff costs | -13.290.120 | -14.362.204 |
| | Depreciation and impairment of non-current assets | -3.921.352 | -3.326.626 |
| | Other operating costs | -205.813 | 0 |
| | **Operating profit** | **-6.060.681** | **-12.484.553** |
| | Income from equity investments in group enterprises | -6.311.354 | -5.838.550 |
| | Other financial income | 199.648 | 23.301 |
| 2 | Other financial costs | -103.400 | -1.083.714 |
| | **Pre-tax net profit or loss** | **-12.275.787** | **-19.383.516** |
| 3 | Tax on net profit or loss for the year | 242.774 | 2.968.818 |
| | **Net profit or loss for the year** | **-12.033.013** | **-16.414.698** |
| | **Proposed appropriation of net profit:** | | |
| | Transferred to other reserves | 13.190.321 | 0 |
| | Allocated from retained earnings | -25.223.334 | -16.414.698 |
| | **Total allocations and transfers** | **-12.033.013** | **-16.414.698** |

## Statement of financial position at 31 December

All amounts in DKK.

| Note | Assets | 2020 | 2019 |
|---|---|---|---|
| | **Non-current assets** | | |
| 4 | Completed development projects, including patents and similar rights arising from development projects | 16.910.668 | 13.687.500 |
| | Total intangible assets | 16.910.668 | 13.687.500 |
| 5 | Other fixtures and fittings, tools and equipment | 6.434.120 | 8.233.936 |
| 6 | Leasehold improvements | 192.298 | 251.024 |
| | Total property, plant, and equipment | 6.626.418 | 8.484.960 |
| 7 | Equity investment in group enterprise | 0 | 1.711.450 |
| | Total investments | 0 | 1.711.450 |
| | **Total non-current assets** | **23.537.086** | **23.883.910** |
| | **Current assets** | | |
| | Trade receivables | 3.021.711 | 5.791.469 |
| | Receivables from group enterprises | 44.451 | 1.489.207 |
| | Income tax receivables | 3.211.592 | 2.968.818 |
| | Other receivables | 3.030.735 | 14.177.571 |
| | Prepayments and accrued income | 176.127 | 153.159 |
| | Total receivables | 9.484.616 | 24.580.224 |
| | Cash on hand and demand deposits | 5.277.805 | 3.146.263 |
| | **Total current assets** | **14.762.421** | **27.726.487** |
| | **Total assets** | **38.299.507** | **51.610.397** |

## Statement of financial position at 31 December

All amounts in DKK.

| Note | Equity and liabilities | 2020 | 2019 |
|---|---|---|---|
| | **Equity** | | |
| | Contributed capital | 343.171 | 317.263 |
| | Share premium | 0 | 44.616.641 |
| | Reserve for development costs | 13.190.321 | 0 |
| | Retained earnings | 8.715.155 | -16.414.698 |
| | **Total equity** | **22.248.647** | **28.519.206** |
| | **Provisions** | | |
| | Other provisions | 99.904 | 0 |
| | **Total provisions** | **99.904** | **0** |
| | **Liabilities other than provisions** | | |
| | Lease liabilities | 3.982.018 | 5.974.307 |
| 8 | Total long term liabilities other than provisions | 3.982.018 | 5.974.307 |
| 8 | Current portion of long term payables | 2.085.913 | 2.133.604 |
| | Trade payables | 1.154.487 | 359.186 |
| | Other payables | 8.728.538 | 14.624.094 |
| | Total short term liabilities other than provisions | 11.968.938 | 17.116.884 |
| | **Total liabilities other than provisions** | **15.950.956** | **23.091.191** |
| | **Total equity and liabilities** | **38.299.507** | **51.610.397** |

**9 Charges and security**

**10 Contingencies**

## Statement of changes in equity

All amounts in DKK.

| | Contributed capital | Share premium | Reserve for development costs | Retained earnings | Total |
|---|---|---|---|---|---|
| Equity 12 October 2018 | 50.000 | 0 | 0 | 0 | 50.000 |
| Cash capital increase | 267.263 | 44.616.641 | 0 | 0 | 44.883.904 |
| Retained earnings for the year | 0 | 0 | 0 | -16.414.698 | -16.414.698 |
| Equity 1 January 2020 | 317.263 | 44.616.641 | 0 | -16.414.698 | 28.519.206 |
| Cash capital increase | 25.908 | 5.736.547 | 0 | 0 | 5.762.455 |
| Transferred from retained earnings | 0 | 0 | 13.190.321 | -25.223.335 | -12.033.014 |
| Transferred to retained earnings | 0 | -50.353.188 | 0 | 50.353.188 | 0 |
| | **343.171** | **0** | **13.190.321** | **8.715.155** | **22.248.647** |

## Notes

All amounts in DKK.

| | | 1/1 2020 - 31/12 2020 | 12/10 2018 - 31/12 2019 |
|---|---|---|---|
| **1.** | **Staff costs** | | |
| | Salaries and wages | 12.966.737 | 14.229.902 |
| | Pension costs | 87.665 | 0 |
| | Other costs for social security | 235.718 | 132.302 |
| | | **13.290.120** | **14.362.204** |
| | Average number of employees | 34 | 31 |
| **2.** | **Other financial costs** | | |
| | Other financial costs | 103.400 | 1.083.714 |
| | | **103.400** | **1.083.714** |
| **3.** | **Tax on net profit or loss for the year** | | |
| | Tax on net profit or loss for the year | 0 | -2.968.818 |
| | Other taxes | -242.774 | 0 |
| | | **-242.774** | **-2.968.818** |
| **4.** | **Completed development projects, including patents and similar rights arising from development projects** | | |
| | Cost 1 January 2020 | 15.000.000 | 0 |
| | Additions during the year | 4.945.941 | 0 |
| | Transfers | 0 | 15.000.000 |
| | **Cost 31 December 2020** | **19.945.941** | **15.000.000** |
| | Amortisation and writedown 1 January 2020 | -1.312.500 | 0 |
| | Amortisation and depreciation for the year | -1.722.773 | -1.312.500 |
| | **Amortisation and writedown 31 December 2020** | **-3.035.273** | **-1.312.500** |
| | **Carrying amount, 31 December 2020** | **16.910.668** | **13.687.500** |

All amounts in DKK.

| | | 31/12 2020 | 31/12 2019 |
|---|---|---|---|
| **5.** | **Other fixtures and fittings, tools and equipment** | | |
| | Cost 1 January 2020 | 10.205.721 | 0 |
| | Additions during the year | 340.036 | 10.205.721 |
| | **Cost 31 December 2020** | **10.545.757** | **10.205.721** |
| | Amortisation and writedown 1 January 2020 | -1.971.785 | 0 |
| | Amortisation and depreciation for the year | -2.139.852 | -1.971.785 |
| | **Amortisation and writedown 31 December 2020** | **-4.111.637** | **-1.971.785** |
| | **Carrying amount, 31 December 2020** | **6.434.120** | **8.233.936** |
| **6.** | **Leasehold improvements** | | |
| | Cost 1 January 2020 | 293.366 | 0 |
| | Additions during the year | 0 | 293.366 |
| | **Cost 31 December 2020** | **293.366** | **293.366** |
| | Depreciation and writedown 1 January 2020 | -42.342 | 0 |
| | Amortisation and depreciation for the year | -58.726 | -42.342 |
| | **Depreciation and writedown 31 December 2020** | **-101.068** | **-42.342** |
| | **Carrying amount, 31 December 2020** | **192.298** | **251.024** |

All amounts in DKK.

| | 31/12 2020 | 31/12 2019 |
|---|---|---|
| **7. Equity investment in group enterprise** | | |
| Cost 1 January 2020 | 7.310.000 | 50.000 |
| Additions during the year | 4.500.000 | 7.500.000 |
| **Cost 31 December 2020** | **11.810.000** | **7.550.000** |
| Revaluations, opening balance 1 January 2020 | -5.838.550 | 0 |
| Net profit or loss for the year before amortisation of goodwill | -6.071.354 | -5.838.550 |
| **Revaluation 31 December 2020** | **-11.909.904** | **-5.838.550** |
| Transferred to provisions | 99.904 | 0 |
| **Set off against debtors and provisions for liabilities** | **99.904** | **0** |
| **Carrying amount, 31 December 2020** | **0** | **1.711.450** |

**Financial highlights for the enterprise according to the latest approved annual report**

| | Equity interest | Equity DKK | Results for the year DKK |
|---|---|---|---|
| Meneto Software ApS, København | 100 % | -99.904 | -6.311.354 |
| | | **-99.904** | **-6.311.354** |

**8. Liabilities other than provision**

| | Total payables 31 Dec 2020 | Current portion of long term payables | Long term payables 31 Dec 2020 | Outstanding payables after 5 years |
|---|---|---|---|---|
| Lease liabilities | 6.067.931 | 2.085.913 | 3.982.018 | 0 |
| | **6.067.931** | **2.085.913** | **3.982.018** | **0** |

**9. Charges and security**

The company has provided a gurantee to Moneto Software ApS

As mortgage, TDKK 7.470, the company has provided security in company assets representing a book value of TDKK 23.437. This security comprises film rights.

All amounts in DKK.

## 10. Contingencies

### Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

TheThe company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the company's liabilities.

The annual report for Addora Holding ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

**Recognition and measurement in general**

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

## Income statement

**Gross profit**

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

**Staff costs**

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

**Depreciation, amortisation, and writedown for impairment**

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

**Other operating costs**

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

**Financial income and expenses**

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

**Results from equity investments in group enterprise and associates**

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the group enterprise is recognised in the income statement as a proportional share of the group enterprises' post-tax profit or loss.

Dividend from equity investments in associates is recognised in the financial year in which the dividend is declared.

**Tax on net profit or loss for the year**

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable by the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

## Statement of financial position

**Intangible assets**

**Development projects, patents, and licences**

Development costs comprise salaries, wages, and amortisation directly attributable to development activities.

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and writedowns for impairment.

After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is usually 10 years.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

**Property, plant, and equipment**

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

| | Useful life | Residual value |
|---|---|---|
| Plant and machinery | 5-10 years | 0-20 % |

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

**Leases**

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

**Leasehold improvements**

Leasehold improvements are measured at cost less accrued depreciations. Depreciation is done on a straightline basis over the estimated useful life of the asset, which is set at 5 years.

**Investments**

**Equity in group enterprise**

Equity in group enterprise are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Equity in group enterprise recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterpriseswith a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in group enterprises, associates and equity interests but are not represented in the parent, the following accounting policies have been applied.

Equity in group enterprise with a negative equity value measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investment in group enterprise is transferred to the reserve under equity for net revaluation according to the equity method. Dividend from group enterprise expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprise.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

**Equity investments in associates**

Equity investments in associates are measured at cost. If the recoverable amount is lower than the cost, the latter is impaired to the recoverable amount.

**Receivables**

Receivables are measured at amortised cost, which usually corresponds to nominal value.

**Prepayments and accrued income**

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

**Cash on hand and demand deposits**

Cash on hand and demand deposits comprise cash at bank and on hand.

**Equity**

**Share premium**

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium.

The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

**Reserve for development costs**

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

**Income tax and deferred tax**

As administration company, Addora Holding ApS is liable to the tax authorities for the subsidiaries' corporate income taxes.

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

**Provisions**

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

On the acquisition of entities, provisions for restructuring within the acquired entity are included in the acquisition cost, and thereby in the goodwill or the consolidated goodwill, to the extent that they have been recognised in the financial statements of the acquired entity in advance of the acquisition. Provisions for restructuring are included to the extent that they have been decided at the date of acquisition at the latest and that the process have been commenced.

When it is likely that the total costs will exceed the total income of contract work in progress, the total expected loss on the contract work in progress will be recognised as provisions for liabilities. The provision is recognised under production costs.

**Liabilities other than provisions**

Capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

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