GRO Holding X ApS

Amaliegade 49, 1., DK-1256 København K

Annual Report for 6 October 2020 - 31 December 2021

CVR No 41 73 67 55

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 13/7 2022

Lars Dybkjær
Chairman of the General Meeting

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of GRO Holding X ApS for the financial year 6 October 2020 - 31 December 2021.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2020/21.

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

København, 13 July 2022

Executive Board

Lars Dybkjær
CEO

Board of Directors

Morten Grube Weicher Chairman	Lars Dybkjær	Lars Christian Lunde

Independent Auditor's Report

To the Shareholder of GRO Holding X ApS

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 6 October 2020 - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of GRO Holding X ApS for the financial year 6 October 2020 - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows (”the Financial Statements”).

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the ”Auditor's responsibilities for the audit of the Financial Statements” section of our report. We are independent of the Group 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and 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 Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 Group and 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 entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group 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.

Hellerup, 13 July 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Søren Ørjan Jensen
statsautoriseret revisor
mne33226

Company Information

The Company	GRO Holding X ApS Amaliegade 49, 1. DK-1256 København K CVR No: 41 73 67 55 Financial period: 6 October - 31 December Municipality of reg. office: København
Board of Directors	Morten Grube Weicher, Chairman Lars Dybkjær Lars Christian Lunde
Executive Board	Lars Dybkjær
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a one-year period, the development of the Group is described by the following financial highlights:

	Group 2020/21 TEUR
Key figures	
Profit/loss	
Gross profit/loss	10.823
Operating profit/loss	-2.438
Profit/loss before financial income and expenses	-2.438
Net financials	-66
Net profit/loss for the year	-2.279
Balance sheet	
Balance sheet total	26.739
Equity	16.468
Cash flows	
Cash flows from:	
- operating activities	3.598
- investing activities	-19.382
including investment in property, plant and equipment	-540
- financing activities	20.697
Change in cash and cash equivalents for the year	4.913
Number of employees	97
Ratios	
Return on assets	-9,1%
Solvency ratio	61,6%
Return on equity	-27,7%

Management’s Review

Key activities

Selskabets eneste formål er at eje kapitalandele eller andre finansielle instrumenter i danske eller udenlandske selskaber.

Development in the year

The income statement of the Group for 2020/21 shows a loss of EUR 2,279,485, and at 31 December 2021 the balance sheet of the Group shows equity of EUR 16,468,072.

Targets and expectations for the year ahead

The Group expects to continue investing in the development of the Group's core product, new offerings as well as sales growth.

Research and development

In the past year, the Group has continued the massive product development of both existing and new products to support the growth of iPoint Systems GmbH, which has increased the products' demand.

Intellectual capital resources

The Group's business areas place particularly high demands on the knowledge resources, employees and business processes. In order to remain competitive, it is crucial that the Group can recruit and retain employees, both employees with a high level of education and employees with a technical experience.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2021 of the Group and the results of the activities and cash flows of the Group for the financial year for 2020/21 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 6 October - 31 December

	Note	Group 2020/21 EUR	Parent Company 2020/21 EUR
Gross profit/loss		**10.822.812**	**-7.587**
Staff expenses	1	-10.237.488	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-3.023.589	0
Profit/loss before financial income and expenses		**-2.438.265**	**-7.587**
Income from investments in associates		21.053	0
Financial income		6.725	0
Financial expenses		-93.457	-410
Profit/loss before tax		**-2.503.944**	**-7.997**
Tax on profit/loss for the year	3	224.459	0
Net profit/loss for the year		**-2.279.485**	**-7.997**

Balance Sheet 31 December

Assets

	Note	Group 2020/21 EUR	Parent Company 2020/21 EUR
Software		6.239.501	0
Customer relations		1.321.278	0
Goodwill		7.810.189	0
Development projects in progress		601.047	0
Intangible assets	4	**15.972.015**	**0**
Land and buildings		202.713	0
Other fixtures and fittings, tools and equipment		204.664	0
Property, plant and equipment	5	**407.377**	**0**
Investments in subsidiaries	6	0	18.204.597
Fixed asset investments		**0**	**18.204.597**
Fixed assets		**16.379.392**	**18.204.597**
Trade receivables		3.920.021	0
Other receivables		776.697	2.059
Prepayments	7	749.648	0
Receivables		**5.446.366**	**2.059**
Securities		**472.495**	**0**
Cash at bank and in hand		**4.440.395**	**291.020**
Currents assets		**10.359.256**	**293.079**
Assets		**26.738.648**	**18.497.676**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2020/21 EUR	Parent Company 2020/21 EUR
Share capital		42.897	42.897
Retained earnings		13.555.866	18.359.199
Equity attributable to shareholders of the Parent Company		**13.598.763**	**18.402.096**
Minority interests		2.869.309	0
Equity		**16.468.072**	**18.402.096**
Provision for deferred tax	9	1.828.354	0
Provisions		**1.828.354**	**0**
Credit institutions		1.949.322	0
Other payables		1.230.813	0
Long-term debt	10	**3.180.135**	**0**
Trade payables		937.448	95.580
Deferred income	11	4.324.639	0
Short-term debt		**5.262.087**	**95.580**
Debt		**8.442.222**	**95.580**
Liabilities and equity		**26.738.648**	**18.497.676**
Distribution of profit	8		
Contingent assets, liabilities and other financial obligations	14		
Accounting Policies	15		

Statement of Changes in Equity

Group

	Share capital	Share premium account	Retained earnings	Equity excl. minority interests	Minority interests	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Equity at 6 October	0	0	0	0	0	0
Net effect from merger and acquisition under the uniting of interests method	0	0	0	0	3.337.464	3.337.464
Adjusted equity at 6 October	0	0	0	0	3.337.464	3.337.464
Cash payment concerning formation of entity	6.724	0	0	6.724	0	6.724
Cash capital increase	36.173	15.367.196	0	15.403.369	0	15.403.369
Net profit/loss for the year	0	0	-1.811.330	-1.811.330	-468.155	-2.279.485
Transfer from share premium account	0	-15.367.196	15.367.196	0	0	0
Equity at 31 December	**42.897**	**0**	**13.555.866**	**13.598.763**	**2.869.309**	**16.468.072**

Parent Company

	Share capital	Share premium account	Retained earnings	Equity excl. minority interests	Minority interests	Total
Equity at 6 October	0	0	0	0	0	0
Cash payment concerning formation of entity	6.724	0	0	6.724	0	6.724
Cash capital increase	36.173	18.367.196	0	18.403.369	0	18.403.369
Net profit/loss for the year	0	0	-7.997	-7.997	0	-7.997
Transfer from share premium account	0	-18.367.196	18.367.196	0	0	0
Equity at 31 December	**42.897**	**0**	**18.359.199**	**18.402.096**	**0**	**18.402.096**

Cash Flow Statement 6 October - 31 December

	Note	Group 2020/21 EUR
Net profit/loss for the year		-2.279.485
Adjustments	12	2.864.809
Change in working capital	13	1.046.534
Cash flows from operating activities before financial income and expenses		**1.631.858**
Financial income		6.725
Financial expenses		-93.457
Cash flows from ordinary activities		**1.545.126**
Corporation tax paid		2.052.813
Cash flows from operating activities		**3.597.939**
Purchase of intangible assets		-18.863.285
Purchase of property, plant and equipment		-539.696
Fixed asset investments made etc		21.053
Cash flows from investing activities		**-19.381.928**
Repayment of loans from credit institutions		1.949.322
Cash capital increase		15.410.093
Other equity entries (should be broken down)		3.337.464
Cash flows from financing activities		**20.696.879**
Change in cash and cash equivalents		**4.912.890**
Cash and cash equivalents at 6 October		0
Cash and cash equivalents at 31 December		**4.912.890**
Cash and cash equivalents are specified as follows:		
Cash at bank and in hand		4.440.395
Current asset investments		472.495
Cash and cash equivalents at 31 December		**4.912.890**

Notes to the Financial Statements

		Group	Parent Company
		2020/21	2020/21
		EUR	EUR
1	**Staff expenses**		
	Wages and salaries	8.349.464	0
	Pensions	296.084	0
	Other social security expenses	1.325.501	0
	Other staff expenses	266.439	0
		10.237.488	**0**
	Average number of employees	**97**	**0**
2	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**		
	Amortisation of intangible assets	2.891.270	0
	Depreciation of property, plant and equipment	132.319	0
		3.023.589	**0**
3	**Tax on profit/loss for the year**		
	Current tax for the year	0	0
	Deferred tax for the year	-224.459	0
		-224.459	**0**

4 Intangible assets

Group

	Software	Customer relations	Goodwill	Development projects in progress	Total
	EUR	EUR	EUR	EUR	EUR
Cost at 6 October	0	0	0	0	0
Net effect from merger and acquisition	12.752.835	2.128.071	8.566.949	0	23.447.855
Additions for the year	1.476.119	146.448	0	601.047	2.223.614
Disposals for the year	0	-14.593	0	0	-14.593
Cost at 31 December	14.228.954	2.259.926	8.566.949	601.047	25.656.876

Notes to the Financial Statements

4 Intangible assets (continued)

Group

	Software	Customer relations	Goodwill	Development projects in progress	Total
	EUR	EUR	EUR	EUR	EUR
Impairment losses and amortisation at 6 October	0	0	0	0	0
Net effect from merger and acquisition	6.191.512	556.653	0	0	6.748.165
Amortisation for the year	1.797.941	396.584	756.760	0	2.951.285
Reversal of amortisation of disposals for the year	0	-14.589	0	0	-14.589
Impairment losses and amortisation at 31 December	7.989.453	938.648	756.760	0	9.684.861
Carrying amount at 31 December	**6.239.501**	**1.321.278**	**7.810.189**	**601.047**	**15.972.015**

Development projects relate to the development of new versions of the Group's existing software products. Two of the projects are expected to be completed in 2022. The projects are progressing according to plan through the use of the resources allocated by Management to the development.

Notes to the Financial Statements

5 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Total
	EUR	EUR	EUR
Cost at 6 October	0	0	0
Net effect from merger and acquisition	337.794	440.084	777.878
Additions for the year	0	295.054	295.054
Disposals for the year	0	-25.544	-25.544
Cost at 31 December	337.794	709.594	1.047.388
Revaluations at 6 October	0	0	0
Revaluations at 31 December	0	0	0
Impairment losses and depreciation at 6 October	0	0	0
Net effect from merger and acquisition	115.946	339.335	455.281
Depreciation for the year	19.135	190.964	210.099
Reversal of impairment and depreciation of sold assets	0	-25.369	-25.369
Impairment losses and depreciation at 31 December	135.081	504.930	640.011
Carrying amount at 31 December	**202.713**	**204.664**	**407.377**

6 Investments in subsidiaries

	Parent Company
	2020/21
	EUR
Cost at 6 October	0
Additions for the year	18.204.597
Carrying amount at 31 December	**18.204.597**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
iPoint-systems GmbH	Germany	55.666	55%

Notes to the Financial Statements

7 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

8 Distribution of profit

Minority interests' share of net profit/loss of subsidiaries	-468.155	0
Retained earnings	-1.811.330	-7.997
	-2.279.485	**-7.997**

9 Provision for deferred tax

Provision for deferred tax at 6 October	0	0
Amounts recognised in the income statement for the year	-224.459	0
Amounts regocnised regarding purchase of business	2.052.813	0
Provision for deferred tax at 31 December	**1.828.354**	**0**

10 Long-term debt

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

The debt falls due for payment as specified below:

	Group	Parent Company
	2020/21	2020/21
	EUR	EUR
Credit institutions		
Between 1 and 5 years	1.949.322	0
Long-term part	1.949.322	0
Within 1 year	0	0
	1.949.322	**0**

Notes to the Financial Statements

10 Long-term debt (continued)

	Group	Parent Company
	2020/21	2020/21
	EUR	EUR
Other payables		
Between 1 and 5 years	1.230.813	0
Long-term part	1.230.813	0
Within 1 year	0	0
	1.230.813	**0**

11 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

Notes to the Financial Statements

	Group
	2020/21
	EUR
12 Cash flow statement - adjustments	
Financial income	-6.725
Financial expenses	93.457
Depreciation, amortisation and impairment losses, including losses and gains on sales	3.023.589
Income from investments in associates	-21.053
Tax on profit/loss for the year	-224.459
	2.864.809

13 Cash flow statement - change in working capital

Change in receivables	-5.446.366
Change in trade payables, etc	6.492.900
	1.046.534

14 Contingent assets, liabilities and other financial obligations

Contingent liabilities

There are no security and contingent liabilities at 31 December 2021.

Notes to the Financial Statements

15 Accounting Policies

The Annual Report of GRO Holding X ApS for 2020/21 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Consolidated and Parent Company Financial Statements for 2020/21 are presented in EUR.

Recognition and measurement

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

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

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

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

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, GRO Holding X ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired

15 **Accounting Policies** (continued)

contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Business acquisitions carried through before 1 July 2018

Subject to some exemptions, acquisitions carried through before 1 July 2018 are accounted for under the same accounting policies as those applying to business combinations carried through on or after 1 July 2018. The most material exemptions are:

- Identifiable assets and liabilities of the entity acquired are recognised only if they are probable.

- Identifiable contingent liabilities of the entity acquired are not recognised in the consolidated balance sheet.

- Where the purchase price allocation is not final, positive and negative differences due to changes to the recognition and measurement of the acquired net assets may be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill

Notes to the Financial Statements

15 Accounting Policies (continued)

or negative goodwill, including in amortisation already made.

- Transaction costs directly attributable to the acquisition of subsidiaries are included as part of cost.

- After the initial recognition, adjustment of contingent consideration is recognised directly with its counter entry in initial purchase price, thus correcting the value of goodwill or negative goodwill.

- In respect of step acquisitions, the carrying amount of the existing investments is recognised in cost.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the share-holders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

Business acquisitions carried through before 1 July 2018

Minority interests are recognised at the carrying amounts of the acquired assets and liabilities at the time of acquisition of subsidiaries.

Business acquisitions carried through on or after 1 July 2018

Minority interests are initially measured at their proportionate share of the fair value of the acquired entity's identifiable net assets. In this way, only goodwill related to the Parent Company's share of the entity acquired is recognised.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consi-deration is recognised directly in equity.

Translation policies

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

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

Notes to the Financial Statements

15 Accounting Policies (continued)

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

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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

Other external expenses

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

Gross profit/loss

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

Staff expenses

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

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Notes to the Financial Statements

15 Accounting Policies (continued)

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in associates

Dividends from associates are recognised as income in the income statement when adopted at the General Meeting of the associate. However, dividends relating to earnings in the associate before it was acquired by the Parent Company are set off against the cost of the associate.

Financial income and expenses

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

Tax on profit/loss for the year

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

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 5-10 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

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

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

15 **Accounting Policies** (continued)

when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

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

Other fixtures and fittings, tools and equipment	5	years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Investments in

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Notes to the Financial Statements

15 Accounting Policies (continued)

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

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

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

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

Current tax receivables and liabilities

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

Financial debts

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes

Notes to the Financial Statements

15 Accounting Policies (continued)

in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand” and ”Overdraft facilities”.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$