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Wikifactory Group ApS

C/O Bird & Bird Advokatpartnerselskab, Sundkrogsgade 21, 2100 København Ø

Company reg. no. 42 08 65 41

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 28 June 2024.

Peter Enghave Minor
Chairman of the meeting

Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that EUR 146.940 corresponds to the English amount of EUR 146,940, and that 23,5 % corresponds to 23.5 %.

Contents

Management's statement

Today, the board of directors and the managing director have presented the annual report of Wikifactory Group ApS for the financial year 1 January - 31 December 2023.

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 consolidated financial statements and the financial statements provide a fair presentation of the assets, equity and liabilities, and the financial position, consolidated and for the company, respectively, at 31 December 2023, and of the result of the activities, consolidated and of the company, respectively, during the financial year 1 January – 31 December 2023.

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 at the Annual General Meeting.

Copenhagen, 28 June 2024

Managing Director

Christina Rebel
CEO

Board of directors

Peter Enghave Minor
Chairman

Mikal Christian Hallstrup

Jan Henrik Christiansen

Max Song

Independent auditor's report

To the Shareholders of Wikifactory Group ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Wikifactory Group ApS for the financial year 1 January to 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes for both the Group the Parent Company, as well as consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

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 2023, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for conclusion

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 Consolidated Financial Statements and the Parent Company 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.

Emphasis of Matter

We draw your attention to note 1 in the financial statements, in which the management describes the uncertainties about recognition or measurement of the group's development costs of tEUR 4,378.

It is a central prerequisite for the above mentioned conditions that the management's expectations for the future are fulfilled. We have not modified our conclusion on this.

Management's Responsibilities for the Consolidated Financial Statements and the Parent Company 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 consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group´s and the Parent 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 consolidated financial statements and the parent company 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.

Independent auditor's report

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 consolidated financial statements and parent company financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company 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 Group´s and the Company’s internal control.

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

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

- 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.

Statement on Management’s Review

Management is responsible for Management’s Review.

Our opinion on the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements, our responsibility is to read Management’s Review and, in doing so, consider whether Management’s Review is materially inconsistent with the consolidated financial statements and the parent company 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 Financial Statements Act.

Based on the work we have performed, we conclude that Management’s Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management’s Review.

Copenhagen, 28 June 2024

Grant Thornton
Certified Public Accountants
Company reg. no. 34 20 99 36

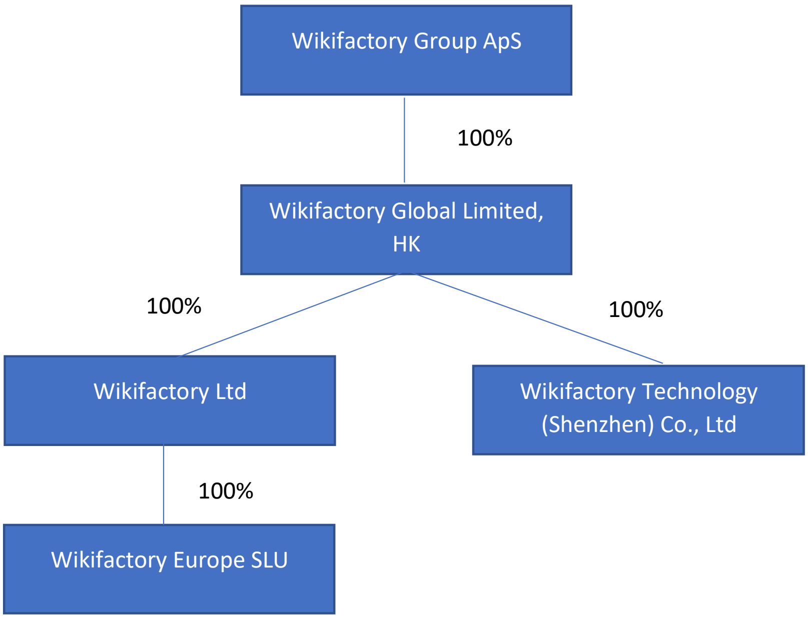
Claus Koskelin
State Authorised Public Accountant
mne30140

Casper Christiansen
State Authorised Public Accountant
mne44100

Company information

The company	Wikifactory Group ApS C/O Bird & Bird Advokatpartnerselskab Sundkrogsgade 21 2100 København Ø	
	Company reg. no.	42 08 65 41
	Established:	27 January 2021
	Domicile:	Copenhagen
	Financial year:	1 January - 31 December
Board of directors	Peter Enghave Minor, Chairman Mikal Christian Hallstrup Jan Henrik Christiansen Max Song	
Managing Director	Christina Rebel, CEO	
Auditors	Grant Thornton, Godkendt Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	
Subsidiaries	Wikifactory Ltd, London Wikifactory Europe SLU, Madrid Wikifactory Technology (Shenzen) Co., Ltd, Shenzen Wikifactory Global Limited, Hong Kong	

Group overview



Management´s review

Description of key activities of the company

The company's and group's purpose is to develop, operate and maintain internet platforms.

Uncertainties about recognition or measurement

In 2023, tEUR 1,281 has been activated in development projects. Totally, the group has recognized development projects amounting to tEUR 4,378. The recognition is built on a valuation of whether the group’s future expectations can be realized.

Due to the insecurity in the financial development generally in society, it must be assumed that there is insecurity attached to the realization of the expectations for the coming year. However, the management finds that the development projects will generate significant future income that can justify the development costs’ accounting treatment and recognition.

Development in activities and financial matters

The gross loss for the parent company for the year totals tEUR -115 against tEUR -100 last year. Net loss for the year totals tEUR -593 against tEUR -813 last year. The development must be seen in light of the fact that, according to the annual report 2022, the company expected a loss in 2023.

Management considers the net loss for the year expected.

The gross profit for the group for the year totals tEUR 424 against tEUR -832 last year. Net loss for the year totals tEUR -593 against tEUR -2.172 last year. The development must be seen in light of the fact that, according to the annual report 2022, the company expected a loss in 2023.

Management considers the net loss for the year expected.

During the year, the company's management has established that the accounts for 2022 were erroneous with significant errors regarding incorrect recognition of external cost.

On the basis of the significance hereof, the management has chosen to treat the matter in accordance with The Danish Financial Statements Act, Section 52, Subsection 2. The errors have been corrected in the comparison year.

The correction has had a positive effect on the net loss for last year's of tEUR 1.359.

Events occurring after the end of the financial year

No events occurred after the balance sheet date until the signature date that had significant importance for the annual report.

Income statement 1 January - 31 December

All amounts in EUR.

		Group		Parent	
Note		2023	2022	2023	2022
	Gross profit	**423.927**	**527.264**	**-114.849**	**-100.440**
2	Staff costs	-917.052	-919.584	0	0
	Depreciation, amortisation, and impairment	-158.578	-59.201	0	0
	Operating profit	**-651.703**	**-451.521**	**-114.849**	**-100.440**
	Income from investments in subsidiaries	0	0	-336.240	-693.066
	Other financial income	211.971	3.341	105	3.278
	Other financial expenses	-168.095	-386.248	-142.277	-22.475
	Pre-tax net profit or loss	**-607.827**	**-834.428**	**-593.261**	**-812.703**
	Tax on net profit or loss for the year	14.566	21.723	0	0
	Net profit or loss for the year	**-593.261**	**-812.705**	**-593.261**	**-812.703**

Proposed distribution of net profit:		
Reserves for net revaluation according to the equity method	0	-300.134
Allocated from retained earnings	-593.261	-512.569
Total allocations and transfers	**-593.261**	**-812.703**

Balance sheet at 31 December

All amounts in EUR.

Note	Assets	Group 2023	Group 2022	Parent 2023	Parent 2022
	Non-current assets				
3	Completed development projects, including patents and similar rights arising from development projects	4.377.706	0	0	0
4	Development projects under construction and prepayments for intangible assets	0	3.323.719	0	0
	Total intangible assets	4.377.706	3.323.719	0	0
	Other fixtures and fittings, tools and equipment	4.018	5.815	0	0
	Total property, plant, and equipment	4.018	5.815	0	0
	Investments in group enterprises	0	0	0	183.634
	Deposits	6.402	6.402	1.512	1.512
	Total investments	6.402	6.402	1.512	185.146
	Total non-current assets	**4.388.126**	**3.335.936**	**1.512**	**185.146**
	Current assets				
	Trade receivables	4.627	0	0	0
	Receivables from subsidiaries	0	0	4.182.617	3.112.705
	Deferred tax assets	93.652	93.612	0	0
	Other receivables	1.051.837	148.397	930.343	0
	Total receivables	1.150.116	242.009	5.112.960	3.112.705
	Cash and cash equivalents	4.749	89.510	0	1.837
	Total current assets	**1.154.865**	**331.519**	**5.112.960**	**3.114.542**
	Total assets	**5.542.991**	**3.667.455**	**5.114.472**	**3.299.688**

Balance sheet at 31 December

All amounts in EUR.

Note	Equity and liabilities	Group 2023	Group 2022	Parent 2023	Parent 2022
	Equity				
	Contributed capital	12.759	7.820	12.759	7.820
	Reserve for foreign currency translation	103.786	240.731	103.786	240.731
	Retained earnings	4.391.544	2.647.613	4.391.544	2.647.613
	Total equity	**4.508.089**	**2.896.164**	**4.508.089**	**2.896.164**
	Provisions				
	Provisions for investments in subsidiaries	0	0	289.551	0
	Total provisions	**0**	**0**	**289.551**	**0**
	Liabilities other than provisions				
	Convertible and profit sharing debt instruments	0	35.829	0	35.829
	Bank loans	10.119	15.127	0	0
	Other payables	195.370	214.507	195.370	214.507
5	Total long term liabilities other than provisions	205.489	265.463	195.370	250.336

Balance sheet at 31 December

All amounts in EUR.

Note	Equity and liabilities	Group 2023	Group 2022	Parent 2023	Parent 2022
5	Current portion of long term liabilities	36.109	0	36.109	0
	Bank loans	8.402	6.363	299	0
	Trade payables	67.898	82.263	12.132	11.942
	Income tax payable	1.225	513	0	0
	Other payables	715.779	416.689	72.922	141.246
	Total short term liabilities other than provisions	829.413	505.828	121.462	153.188
	Total liabilities other than provisions	**1.034.902**	**771.291**	**316.832**	**403.524**
	Total equity and liabilities	**5.542.991**	**3.667.455**	**5.114.472**	**3.299.688**

1 Uncertainties concerning recognition and measurement

Consolidated statement of changes in equity

All amounts in EUR.

	Contributed capital	Reserve for foreign currency translation	Retained earnings	Total
Equity 1 January 2022	6.820	-24.430	775.418	757.808
Adjustment due to significant error	0	0	119.036	119.036
Adjusted equity 1 January 2022	6.820	-24.430	894.454	876.844
Cash capital increase	1.000	0	2.265.727	2.266.727
Retained earnings for the year	0	265.161	-1.871.702	-1.606.541
Adjustment due to significant error	0	0	1.359.134	1.359.134
Equity 1 2023	7.820	240.731	2.647.613	2.896.164
Cash capital increase	4.939	0	2.337.192	2.342.131
Retained earnings for the year	0	0	-593.261	-593.261
Foreign currency translation adjustments	0	-136.945	0	-136.945
	12.759	**103.786**	**4.391.544**	**4.508.089**

Statement of changes in equity of the parent

All amounts in EUR.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Reserve for foreign currency translation	Retained earnings	Total
Equity 1 January 2022	6.820	300.134	0	775.418	1.082.372
Adjustment due to significant error	0	0	0	119.036	119.036
Adjusted equity 1 January 2022	6.820	300.134	0	894.454	1.201.408
Cash capital increase	1.000	0	0	2.265.727	2.266.727
Share of profit or loss	0	-300.134	0	-1.871.702	-2.171.836
Foreign currency translation adjustments	0	0	240.731	0	240.731
Adjustment due to significant error	0	0	0	1.359.134	1.359.134
Equity 1 January 2023	7.820	0	240.731	2.647.613	2.896.164
Cash capital increase	4.939	0	0	2.337.192	2.342.131
Share of profit or loss	0	0	0	-593.261	-593.261
Foreign currency translation adjustments	0	0	-136.945	0	-136.945
	12.759	**0**	**103.786**	**4.391.544**	**4.508.089**

Statement of cash flows 1 January - 31 December

All amounts in EUR.

Note		Group 2023	2022
	Net profit or loss for the year	-593.261	-812.705
6	Adjustments	-58.581	729.821
7	Change in working capital	-515.430	-9.871
	Cash flows from operating activities before net financials	-1.167.272	-92.755
	Interest received, etc.	211.971	3.341
	Interest paid, etc.	-168.095	-420.601
	Cash flows from ordinary activities	-1.123.396	-510.015
	Cash flows from operating activities	**-1.123.396**	**-510.015**
	Purchase of intangible assets	-1.281.391	-1.813.762
	Cash flows from investment activities	**-1.281.391**	**-1.813.762**
	Long-term payables incurred	-19.137	11.094
	Cash capital increase	2.342.132	2.266.731
	Other cash flows from financing activities	-2.969	-52.298
	Cash flows from investment activities	**2.320.026**	**2.225.527**
	Change in cash and cash equivalents	**-84.761**	**-98.250**
	Cash and cash equivalents at 1 January 2023	89.510	187.760
	Cash and cash equivalents at 31 December 2023	**4.749**	**89.510**
	Cash and cash equivalents		
	Cash and cash equivalents	4.749	89.510
	Cash and cash equivalents at 31 December 2023	**4.749**	**89.510**

Notes

All amounts in EUR.

1. Uncertainties concerning recognition and measurement

In 2023, tEUR 1,282 has been activated in development projects.

Totally, the company has recognized development projects amounting to tEUR 4,378. The recognition is built on a valuation of whether the group's future expectations can be realized.

Due to the insecurity in the financial development generally in society, it must be assumed that there is insecurity attached to the realization of the expectations for the coming year. However, the management finds that the development projects will generate significant future income that can justify the development costs' accounting treatment and recognition.

Further, please see description in the management's statement.

	Group 2023	Group 2022
2. Staff costs		
Salaries and wages	733.160	774.829
Pension costs	183.892	144.755
	917.052	**919.584**
Average number of employees	11	16

3. Completed development projects, including patents and similar rights arising from development projects

Development costs relate to further development of the company's products. The year's attendance is attribute to labor costs. The products are finished in 2023.

Management believes that there are a market for the products after completion of development. The development projects are essential for maintenance of the turnover and cost savings.

The management has not identified indication of impairment in proportion to the book value.

Notes

All amounts in EUR.

4. Development projects under construction and prepayments for intangible assets

Development costs relate to further development of the company's products. The year's attendance is attribute to labor costs. The products are finished in 2023.

Management believes that there are a market for the products after completion of development. The development projects are essential for maintenance of the turnover and cost savings.

The management has not identified indication of impairment in proportion to the book value.

5. Long term labilities other than provisions

	Total payables 31 Dec 2023	Current portion of long term payables	Long term payables 31 Dec 2023	Outstanding payables after 5 years
Group				
Bank loans	10.119	0	10.119	0
Other payables	231.479	36.109	195.370	0
	241.598	**36.109**	**205.489**	**0**
Parent				
Other payables	231.479	36.109	195.370	0
	231.479	**36.109**	**195.370**	**0**

	Group 2023	2022
6. Adjustments		
Depreciation, amortisation, and impairment	158.579	59.201
Other financial income	-211.971	-3.341
Other financial expenses	168.095	420.601
Tax on net profit or loss for the year	-14.566	-21.723
Foreign currency translation adjustments	-158.718	275.083
	-58.581	**729.821**

Notes

All amounts in EUR.

		Group 2023	2022
7.	**Change in working capital**		
	Change in receivables	-908.067	77.022
	Change in trade payables and other payables	392.637	-86.893
		-515.430	**-9.871**

Accounting policies

The annual report for Wikifactory Group 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 the previous year, and the annual report is presented in euro (EUR).

Material errors in previous years

During the year, the company's management has established that the accounts for 2022 were erroneous with significant errors regarding incorrect recognition of external cost.

On the basis of the significance hereof, the management has chosen to treat the matter in accordance with The Danish Financial Statements Act, Section 52, Subsection 2. The errors have been corrected in the comparison year.

The correction has had a positive effect on the net loss for last year's of tEUR 1.359.

*Impact on the result of the year 202*2

- The result of the year is positively affected by tEUR 1.359 relating to transfer of external costs to a subsidiary.

*Impact on equity 202*2

- The opening retained earnings is positively affected by tEUR 119 relating to transfer of external costs to a subsidiary.
- The retained earnings is positively affected by tEUR 1.359 regarding the correction of the result of the year.

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 group 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 group 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.

Accounting policies

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.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve in the Consolidated Financial Statement. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or write-down for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

The consolidated financial statements

The consolidated income statements comprise the parent company Wikifactory Group ApS and those group enterprises of which Wikifactory Group ApS directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

Consolidation policies

Accounting policies

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in group enterprises are eliminated by the proportionate share of the group enterprises' fair value of net assets and liabilities at the acquisition date.

In the consolidated financial statements, the accounting records of the group enterprises are recognised by 100%. The minority interests' share of the profit for the year and of the equity in the group enterprises, which are not 100% owned, is included in the group's profit and equity, but presented separately.

Purchases and sales of minority interests under continuing control are recognised directly in equity as a transaction between shareholders.

Investments in associates are measured in the statement of financial position at the proportionate share of the enterprises' equity value i calculated in accordance with the parent company's accounting policies and with proportionate elimination of unrealised intercompany gains and losses. In the income statement, the proportional share of the associates' results is recognised after elimination of the proportional share of intercompany gains and losses.

The group activities in joint operations are recognised in the consolidated financial statements record by record.

Income statement

Gross profit

Gross profit comprises the revenue, own work 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. Revenue is measured at the fair value of the consideration promised 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.

Accounting policies

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.

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, 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 investments in subsidiaries

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual entities are recognised in the income statement of the parent as a proportional share of the entities' post-tax profit or loss.

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.

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.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

Accounting policies

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:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

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

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 group's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Accounting policies

Previously recognised impairment losses are reversed when conditions for impairment no longer exist.

Investments

Investments in subsidiaries

Investments in subsidiaries are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in subsidiaries are 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.

Investments in subsidiaries with a negative equity value are 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 investments in subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries 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 subsidiaries.

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.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Cash on hand and demand deposits

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

Accounting policies

Equity

Reserve for foreign currency translation

The reserve for foreign currency translation arises when translating accounting items in foreign currency.

The reserve is dissolved once the value adjustments have been applied or reversed.

The reserve is distributable.

Income tax and deferred tax

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.

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.

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.

Liabilities other than provisions

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

Convertible and profit sharing debt instruments

Convertible bonds are issued at a fixed conversion price and is regarded as composite instruments comprising a financial liability measured at amortised cost and an equity instrument in the form of the integral conversion right. Fair value of the financial liability is determined on the date of issue by applying a market rate for a similar non-convertible debt instrument. The difference between the proceeds from issuing the convertible debt instrument and the fair value of the financial liability, corresponding to the integral option to convert the liability to shareholders' equity, is recognised directly in the shareholders' equity. The value of the financial liability is recognised as long-term debts and subsequently measured at amortised cost. When extending convertible bonds, a calculation is made at amortised cost relative to the extension. Any difference is recognised in the income statement.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

Accounting policies

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the group's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under “Interest income and dividend received”.

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the group's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

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