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BDO Statsautoriseret revisionsaktieselskab
Havneholmen 29
DK-1561 København V
CVR no. 20 22 26 70

SCME HOLDING APS

VÆRNEDAMSVEJ 15 4. TV., 1819 FREDERIKSBERG C

ANNUAL REPORT

23 AUGUST - 31 DECEMBER 2021

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 22 June 2022

Michael Ferdinandsen

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 42 61 96 12

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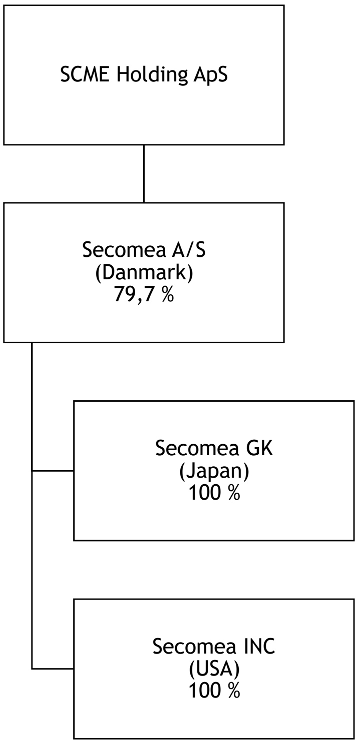
COMPANY DETAILS

Company	SCME Holding ApS Værnedamsvej 15 4. tv. 1819 Frederiksberg C	
	CVR No.:	42 61 96 12
	Established:	23 August 2021
	Municipality:	Frederiksberg
	Financial Year:	23 August - 31 December
Executive Board	Michael Ferdinandsen	
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V	
Bank	Danske Bank Hovedvejen 107, 2. sal 2600 Glostrup	

GROUP STRUCTURE



MANAGEMENT'S STATEMENT

Today the Executive Board have discussed and approved the Annual Report of SCME Holding ApS for the financial year 23 August - 31 December 2021.

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

In my opinion the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2021 and of the results of Group's and the Company's operations for the financial year 23 August - 31 December 2021.

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

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

Frederiksberg, 20 June 2022

Executive Board

Michael Ferdinandsen
CEO

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of SCME Holding ApS

Opinion
We have audited the Consolidated Financial Statements and the Annual Financial Statements of the Company of SCME Holding ApS for the financial year 23 August - 31 December 2021, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies. The Consolidated Financial Statements and the Annual Financial Statements of the Company are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2021 and of the results of the Group and the Parent Company's operations for the financial year 23 August - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and the Annual Financial Statements of the Company” 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 (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Consolidated Financial Statements and the Annual Financial Statements of the Company
Management is responsible for the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company 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 the Annual Financial Statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company, 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 Annual Financial Statements of the Company 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 Consolidated Financial Statements and the Parent Company Financial Statements
Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 the Annual Financial Statements of the Company.

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 Annual Financial Statements of the Company, 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 Parent 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 Annual Financial Statements of the Company 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 Parent 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 Annual Financial Statements of the Company 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 Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Annual Financial Statements of the Company, including the disclosures, and whether the Consolidated Financial Statements and the Annual Financial Statements of the Company 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.

INDEPENDENT AUDITOR'S REPORT

Statement on Management Commentary
Management is responsible for Management Commentary.

Our opinion on the Consolidated Financial Statements and the Annual Financial Statements of the Company does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, we conclude that Management Commentary is in accordance with the Consolidated Financial Statements and the Annual Financial Statements of the Company and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management Commentary.

Copenhagen, 20 June 2022

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Ole C. K. Nielsen
State Authorised Public Accountant
MNE no. mne23299

MANAGEMENT COMMENTARY

Principal activities
The principal activities comprise acting as a holding company for the investment in the Secomea Group.

The Secomea group's prime activities are trading and service activities to provide secure, simple, and scalable digital-industrial communication solutions.

Development in activities and financial and economic position
We conclude 2021 with significant sales growth and an increasing customer base. The Covid-19 pandemic effect continues to motivate more companies to increase or accelerate the implementation of innovative technologies to overcome external threats to their productivity. One prominent example includes travel restrictions.

Secomea furthered our journey toward our company vision with careful financial decision-making, strengthening our organizational capability. We have kept our focus on development, groundwork, agile processes, and research. In concert with positive market trends, the year's gross profit is DKK ('000) 63.815. The profit before tax is DKK ('000) 10.197, which is considered satistfactory.

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

Due to the covid-19 pandemic, sales of electronic components for desktops and routers around the world skyrocketed back in 2020, causing a global shortage of components throughout 2021. With this effect expected to continue into 2022, Industry executives and analysts anticipate global chip shortages to continue for the rest of 2022. To shield our customers and partners from this phenomenon, extra measures to secure our supply chain have been taken and will continue to be, despite rising cost sensitivities.

Environmental situation
Environmental, Social & Governance (ESG) initiatives are a strategic imperative for Secomea, and throughout the organization operationally. In 2021 and 2022, we will continue to pursue our 5-year target for Carbon neutrality, our environmental policy, and our diversity policy.

Research and development activities
Our development activities have primarily been focused on communication solutions within remote access and data collection for the industrial market. The company does not capitalize on development costs. Secomea, therefore, recognizes development costs in our profit and loss account as expenses are incurred.

Future expectations
With a combination of increased focus on customer demands for cybersecurity compliance across the ecosystem in the automation industry, including process optimization, new development activities, and intensified commercial and digital marketing initiatives, we continue to manifest a leading position atop the Industrial IoT (Internet of Things) market. Supported by our estimable market reputation, we expect to continuously expand activity throughout the entirety of 2022.

INCOME STATEMENT 23 AUGUST - 31 DECEMBER

	Note	Group 2021 DKK '000	Parent Company 2021 DKK '000
GROSS PROFIT		**63.815**	**-257**
Staff costs	1	-44.105	0
Depreciation, amortisation and impairment losses		-6.450	0
OPERATING PROFIT		**13.260**	**-257**
Income from investments in subsidiaries		0	8.887
Other financial income		2.186	0
Other financial expenses		-1.858	0
PROFIT BEFORE TAX		**13.588**	**8.630**
Tax on profit/loss for the year	2	-3.391	56
PROFIT FOR THE YEAR		**10.197**	**8.686**

PROPOSED DISTRIBUTION OF PROFIT

		Group 2021 DKK '000	Parent Company 2021 DKK '000
Allocation to reserve for net revaluation under the equity method		0	8.686
Retained earnings		8.686	0
Minority interest part of subsidiaries profit for the year		1.511	0
TOTAL		**10.197**	**8.686**

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BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group 2021 DKK '000	Parent Company 2021 DKK '000
Intangible fixed assets acquired		2.857	0
Goodwill		73.071	0
Intangible assets	3	**75.928**	**0**
Other plant, machinery tools and equipment		303	0
Leasehold improvements		353	0
Property, plant and equipment	4	**656**	**0**
Investments in subsidiaries		0	114.562
Rent deposit and other receivables		789	0
Financial non-current assets	5	**789**	**114.562**
NON-CURRENT ASSETS		**77.373**	**114.562**
Finished goods and goods for resale		14.552	0
Inventories		**14.552**	**0**
Trade receivables		18.764	0
Deferred tax assets		30	0
Other receivables		676	0
Corporation tax receivable		1.345	56
Prepayments		573	0
Receivables		**21.388**	**56**
Cash and cash equivalents		**29.301**	**19**
CURRENT ASSETS		**65.241**	**75**
ASSETS		**142.614**	**114.637**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group 2021 DKK '000	Parent Company 2021 DKK '000
Share capital		40	40
Share Premium		93.483	105.635
Reserve for net revaluation under the equity method		0	8.686
Retained earnings		20.838	0
Minority shareholders		10.567	0
EQUITY		**124.928**	**114.361**
Trade payables		9.138	40
Payables to owners and management		236	236
Other liabilities		6.868	0
Deferred income		1.444	0
Current liabilities		**17.686**	**276**
LIABILITIES		**17.686**	**276**
EQUITY AND LIABILITIES		**142.614**	**114.637**

Contingencies etc.	6		
Charges and securities	7		

EQUITY

	Group				
	Share capital	Share Premium	Retained earnings	Minority shareholders	Total
Equity at 23 August 2021	40	78.653	12.051	9.056	99.800
Proposed profit allocation			8.686	1.511	10.197
Transactions with owners					
Capital increase		14.830			14.830
Other legal bindings					
Foreign exchange adjustments			101		101
Equity at 31 December 2021	**40**	**93.483**	**20.838**	**10.567**	**124.928**

	Parent Company			
	Share capital	Share Premium	Reserve for net revaluati- on under the equity method	Total
Equity at 23 August 2021	40	105.635	0	105.675
Proposed profit allocation			8.686	8.686
Equity at 31 December 2021	**40**	**105.635**	**8.686**	**114.361**

NOTES

	Group 2021 DKK '000	Parent Company 2021 DKK '000	Note
Staff costs			1
Average number of employees	71	0	
Wages and salaries	39.811	0	
Pensions	3.253	0	
Social security costs	917	0	
Other staff costs	124	0	
	44.105	**0**	
Tax on profit/loss for the year			2
Calculated tax on taxable income of the year	3.433	-56	
Adjustment of deferred tax	-42	0	
	3.391	**-56**	

Intangible assets 3

	Group	
	Intangible fixed assets acquired	Goodwill
Cost at 23 August 2021	2.852	500
Exchange adjustment at closing rate	237	0
Transfer	442	0
Additions	0	73.071
Cost at 31 December 2021	**3.531**	**73.571**
Amortisation at 23 August 2021	174	500
Exchange adjustment at closing rate	14	0
Transfer	145	0
Amortisation for the year	341	0
Amortisation at 31 December 2021	**674**	**500**
Carrying amount at 31 December 2021	**2.857**	**73.071**

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Property, plant and equipment 4

	Group	
	Other plant, machinery tools and equipment	Leasehold improvements
Cost at 23 August 2021	1.393	854
Exchange adjustment at closing rate	5	0
Additions	135	81
Disposals	-300	0
Cost at 31 December 2021	**1.233**	**935**
Depreciation and impairment losses at 23 August 2021	744	431
Exchange adjustment	-3	0
Reversal of depreciation of assets disposed of	-178	0
Depreciation for the year	367	151
Depreciation and impairment losses at 31 December 2021	**930**	**582**
Carrying amount at 31 December 2021	**303**	**353**

Financial non-current assets 5

	Group
	Rent deposit and other receivables
Cost at 23 August 2021	732
Exchange adjustment at closing rate	40
Additions	17
Cost at 31 December 2021	**789**
Carrying amount at 31 December 2021	**789**

	Parent Company
	Investments in subsidiaries
Additions	105.675
Cost at 31 December 2021	**105.675**
Profit/loss for the year	4.236
Equity movements	10.272
Revaluation at 31 December 2021	**14.508**
Amortisation of goodwill	5.621
Impairment losses and amortisation of goodwill at 31 December 2021	**5.621**
Carrying amount at 31 December 2021	**114.562**

NOTES

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Contingencies etc. 6

Contingent liabilities
None.

Joint liabilities
The Danish companies of the group is jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group's jointly taxed income amounts to DKK ('000) 0 at the Balance Sheet date.

Charges and securities 7
None.

ACCOUNTING POLICIES

The Annual Report of SCME Holding ApS for 2021 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared with the following accounting principles.

Consolidated Financial Statements
The Consolidated Financial Statements include the Parent Company SCME Holding ApS and the subsidiaries in which SCME Holding ApS directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the Group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the Group structure.

The Consolidated Financial Statements consolidate the Financial Statements of the Parent Company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, intercompany accounts and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

Newly acquired or newly formed entities within the Group are recognised in the Consolidated Financial Statements as if the entity has been combined from the earliest financial period included in the Consolidated Financial Statements. Consolidated or wound up entities are recognised in the Consolidated Income Statement from the earliest financial period included in the Financial Statements. Comparative figures are corrected for newly acquired, sold or wound-up entities.

Acquired entities within the Group are recognised in the Consolidated Financial Statements according to the combination method, the combination being regarded as completed as from the earliest financial period included in the Consolidated Financial Statements, and by using the carrying amounts of the assets and liabilities acquired.

Positive and negative differences between the acquisition cost and the carrying amounts of acquired and identified assets and liabilities are recognised in equity at the acquisition. The difference from acquired entities is DKK ('000) 0.

Transaction costs incurred in relation to acquisition of entities are recognised in the Income Statement in the year they were paid.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

Investments in associates are measured in the Balance Sheet at the proportional share of the equity value of the enterprises, calculated under the accounting policies of the Parent Company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the Income Statement after elimination of the proportional share of internal gains and losses.

Minority interests
The accounting items of the subsidiaries are recognised in full in the Consolidated Financial Statements. The minority interests' proportional share of the results and equity of the subsidiaries is stated as separate items in the allocation of profit/loss and equity, respectively.

INCOME STATEMENT

Net revenue
Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

ACCOUNTING POLICIES

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

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

Other external expenses
Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, etc

Staff costs
Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Group and the Parent Company's employees.

Income from investments in subsidiaries
The proportional share of the results of subsidiaries, stated according to the Parent Company's accounting policies and with full elimination of unrealised intercompany profits/losses and deduction of amortisation of added value and goodwill resulting from purchase price allocation at the date of acquisition, is recognised in the Parent Company's Income Statement.

In connection with transfers, potential profits are recognised when the economic rights related to the sold subsidiaries are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

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

Tax
The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

BALANCE SHEET

Intangible fixed assets
Acquired software is measured at cost less accumulated amortisation. software is amortised on a straight-line basis over the expected useful life which is estimated to 5 years.

Acquired goodwill is measured at cost less accumulated amortization. Goodwill is amortized on a straight-line basis over the economic useful life, which is estimated at 7 years. The depreciation period is based on an assessment of the acquired company's market position and earnings profile as well as industry conditions.

Tangible fixed assets
Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

ACCOUNTING POLICIES

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plant, fixtures and equipment..	3-5 years	0 %
Leasehold improvements...	5 years	0 %

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Financial non-current assets
Investments in subsidiaries are measured in the Parent Company Balance Sheet under the equity method, which is regarded as a method of measuring/consolidation.

Investments in subsidiaries are measured in the Balance Sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the Parent Company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill calculated according to the acquisition method. Negative goodwill is recognised in the Income Statement when the equity interest is acquired. Where the negative goodwill is related to acquired contingent liabilities, the negative goodwill will be recognised as income when the contingent liabilities have been settled or cease.

The combination method is applied when acquiring enterprises within the Group, where the combination is regarded as completed from the earliest financial period included in the Financial Statements, and by using the carrying amounts of the assets and liabilities acquired.

Net revaluation of investments in subsidiaries is transferred under equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the Company has a legal or actual liability to cover the subsidiaries deficit.

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

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

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

ACCOUNTING POLICIES

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

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

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

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

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

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

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

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

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

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

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

Accruals, liabilities
Accruals recognised as liabilities include payments received regarding income in subsequent years.

ACCOUNTING POLICIES

Foreign currency translation
Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the date when the receivables or payables come into existence recognised in the Income Statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

The Income Statements of foreign subsidiaries and associates fulfilling the concitions for being independent entities are translated at an average exchange rate for the month and the Balance Sheet items are translated at the rate of exchange on the Balance Sheet date. Exchange differences arising from translation of the equity of foreign subsidiaries at the beginning of the year to the rates of the Balance Sheet date and from translation of Income Statements from average rate to the rates of the Balance Sheet date are recognised directly in the equity.

Exchange adjustment of intercompany accounts with foreign subsidiaries that are deemed to be an addition to or deduction from the equity of independent subsidiaries are recognised directly in the equity.

Exchange rate differences recognised in Equity are accumulated in a fair value reserve for currency translation of foreign entities and are transferred to the Income Statement when object of the currency translation is realised or ends. An exception is exchange rate differences arising from translation of Equity interests, which are recognised at Equity value, where the whole value adjustment, including exchange rate differences, are included in the reserve for net valuation according to the Equity value method.