
Dawn Holding ApS

Sundkaj 153, 1., DK-2150 Copenhagen

Annual Report for 2023

CVR No. 42 86 16 26

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 17/4 2024

Alexander Mandix
Hansen
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Dawn Holding ApS for the financial year 1 January - 31 December 2023.

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 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Copenhagen, 17 April 2024

Executive Board

Daniel Gewecke Daugaard-Jensen
CEO

Alexander Mandix Hansen
CEO

Board of Directors

Lars Marcher
Chairman

Jørn Larsen

John Rubek Lauritsen

Mads Lacoppidan

Independent Auditor's report

To the shareholders of Dawn Holding 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 2023 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Dawn Holding ApS for the financial year 1 January - 31 December 2023, 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 Financial 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.

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 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 Financial Statements unless Management either intends to liquidate the Group or the Parent 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 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 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 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 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 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 Parent 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.

Independent Auditor's report

Hellerup, 17 April 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Flemming Eghoff
State Authorised Public Accountant
mne30221

Martin Birch
State Authorised Public Accountant
mne42825

Company information

The Company	Dawn Holding ApS Sundkaj 153, 1. DK-2150 Copenhagen CVR No: 42 86 16 26 Financial period: 1 January - 31 December Municipality of reg. office: Copenhagen
Board of Directors	Lars Marcher, chairman Jørn Larsen John Rubek Lauritsen Mads Lacoppidan
Executive Board	Daniel Gewecke Daugaard-Jensen Alexander Mandix Hansen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Group Chart

<u>Company</u>	<u>Residence</u>	<u>Ownership</u>
Dawn Holding ApS	Copenhagen, Denmark	
Dawn Health A/S	Copenhagen, Denmark	100%
Dawn Health Dubai ApS	Copenhagen, Denmark	100%
Dawn Health Zürich AG	Zürich, Switzerland	100%
Dawn Health US Inc.	Chicago, USA	100%

Financial Highlights

Seen over a 2-year period, the development of the Group is described by the following financial highlights:

	Group	
	2023	2022
	TDKK	TDKK
Key figures		
Profit/loss		
Gross profit	50,012	53,518
Profit/loss of primary operations	-32,574	-11,825
Profit/loss of financial income and expenses	1,324	-2,153
Net profit/loss for the year	-27,974	-10,101
Balance sheet		
Balance sheet total	111,741	140,350
Investment in property, plant and equipment	783	2,327
Equity	99,139	127,113
Cash flows		
Cash flows from:		
- operating activities	-19,036	-13,815
- investing activities	-10,952	-26,691
Change in cash and cash equivalents for the year	-29,988	-40,506
Number of employees	100	87
Ratios		
Return on assets	-29.2%	-8.4%
Solvency ratio	88.7%	90.6%
Return on equity	-24.7%	-7.7%

Management's review

Key activities

The company's purpose is to act as a holding company, to carry out investment and asset management as well as related activities.

Development in the year

The income statement of the Group for 2023 shows a loss of DKK 27,973,749, and at 31 December 2023 the balance sheet of the Group shows a positive equity of DKK 99,139,356.

Management has assessed the result of the year as satisfactory and in accordance with the budget for the year. Management expects results of 2024 to be similar to 2023.

Targets and expectations for the year ahead

The company is expecting a gross profit of 50-65 MDKK in 2024.

Research and development

The Company's research activities are related to the product that are developed internal.

Intellectual capital resources

Guided by our mission "Code to Save Lives", our primary commitment is to develop products that epitomize this ethos. We firmly believe that our personnel are the cornerstone of our ability to realize this vision. The crux lies in assembling a team of adept individuals who not only share our mission but also possess the requisite expertise. Thus, our efforts extend from carefully identifying and attracting top-tier talents to cultivating an environment conducive to perpetual professional development across diverse domains of expertise.

Branches abroad

The Company has a branch operating in Dubai.

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

The financial position at 31 December 2023 of the Group and the results of the activities and cash flows of the Group for the financial year for 2023 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 1 January - 31 December

	Note	Group		Parent company	
		2023	2022	2023	2022
		DKK	DKK	DKK	DKK
Gross profit		50,012,496	53,517,930	-117,776	-25,000
Staff expenses	1	-77,246,810	-64,781,867	0	0
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	2	-5,339,994	-560,598	0	0
Profit/loss before financial income and expenses		-32,574,308	-11,824,535	-117,776	-25,000
Financial income	3	2,379,027	789,951	4,268,917	4,078,221
Financial expenses	4	-1,054,728	-2,942,981	-86,205	-1,667,175
Profit/loss before tax		-31,250,009	-13,977,565	4,064,936	2,386,046
Tax on profit/loss for the year	5	3,276,260	3,876,089	-894,278	-885,610
Net profit/loss for the year	6	-27,973,749	-10,101,476	3,170,658	1,500,436

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2023	2022	2023	2022
		DKK	DKK	DKK	DKK
Completed development projects		26,859,150	8,451,873	0	0
Development projects in progress		1,521,376	13,480,187	0	0
Intangible assets	7	28,380,526	21,932,060	0	0
Other fixtures and fittings, tools and equipment		1,706,556	2,039,879	0	0
Leasehold improvements		347,870	233,480	0	0
Property, plant and equipment	8	2,054,426	2,273,359	0	0
Investments in subsidiaries	9	0	0	7,698,652	10,258,651
Receivables from group enterprises	10	0	0	130,100,437	129,438,072
Deposits	10	2,476,178	3,118,264	0	0
Fixed asset investments		2,476,178	3,118,264	137,799,089	139,696,723
Fixed assets		32,911,130	27,323,683	137,799,089	139,696,723
Trade receivables		15,019,536	11,665,777	0	0
Contract work in progress	11	293,311	4,954,749	0	0
Other receivables		836,711	843,516	0	0
Corporation tax		2,382,176	4,825,053	0	0
Prepayments	12	2,519,851	2,970,257	0	0
Receivables		21,051,585	25,259,352	0	0
Cash at bank and in hand		57,778,485	87,766,684	5,232,477	97,517
Current assets		78,830,070	113,026,036	5,232,477	97,517
Assets		111,741,200	140,349,719	143,031,566	139,794,240

Balance sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2023	2022	2023	2022
		DKK	DKK	DKK	DKK
Share capital		557,938	557,938	557,938	557,938
Share premium account		0	138,575,256	0	138,575,256
Reserve for development costs		22,136,810	17,107,007	0	0
Retained earnings		76,444,608	-29,127,097	141,496,350	-249,564
Equity		99,139,356	127,113,104	142,054,288	138,883,630
Provision for deferred tax		0	918,863	0	0
Provisions		0	918,863	0	0
Trade payables		4,461,969	5,039,900	0	0
Payables to group enterprises relating to corporation tax		0	0	894,278	885,610
Other payables		8,139,875	7,277,852	83,000	25,000
Short-term debt		12,601,844	12,317,752	977,278	910,610
Debt		12,601,844	12,317,752	977,278	910,610
Liabilities and equity		111,741,200	140,349,719	143,031,566	139,794,240
Contingent assets, liabilities and other financial obligations	15				
Related parties	16				
Subsequent events	17				
Accounting Policies	18				

Statement of changes in equity

Group

	Share capital	Share premium account	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	557,938	138,575,256	17,107,007	-29,127,096	127,113,105
Development costs for the year	0	0	8,445,897	-8,445,897	0
Depreciation, amortisation and impairment for the year	0	0	-3,416,094	3,416,094	0
Net profit/loss for the year	0	0	0	-27,973,749	-27,973,749
Transfer from share premium account	0	-138,575,256	0	138,575,256	0
Equity at 31 December	557,938	0	22,136,810	76,444,608	99,139,356

Parent company

	Share capital	Share premium account	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	557,938	138,575,256	-249,564	138,883,630
Net profit/loss for the year	0	0	3,170,658	3,170,658
Transfer from share premium account	0	-138,575,256	138,575,256	0
Equity at 31 December	557,938	0	141,496,350	142,054,288

Cash flow statement 1 January - 31 December

	Note	Group	
		2023	2022
		DKK	DKK
Result of the year		-27,973,749	-10,101,476
Adjustments	13	739,435	-1,387,435
Change in working capital	14	2,048,983	613,748
Cash flow from operations before financial items		-25,185,331	-10,875,163
Financial income		2,379,027	789,951
Financial expenses		-1,054,728	-2,942,981
Cash flows from ordinary activities		-23,861,032	-13,028,193
Corporation tax paid		4,825,053	-786,456
Cash flows from operating activities		-19,035,979	-13,814,649
Purchase of intangible assets		-10,828,072	-21,932,060
Purchase of property, plant and equipment		-766,234	-2,080,560
Fixed asset investments made etc		642,086	-2,678,055
Cash flows from investing activities		-10,952,220	-26,690,675
Cash flows from financing activities		0	0
Change in cash and cash equivalents		-29,988,199	-40,505,324
Cash and cash equivalents at 1 January		87,766,684	128,272,008
Cash and cash equivalents at 31 December		57,778,485	87,766,684
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		57,778,485	87,766,684
Cash and cash equivalents at 31 December		57,778,485	87,766,684

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
1. Staff Expenses				
Wages and salaries	70,070,456	59,830,210	0	0
Pensions	5,922,912	3,751,584	0	0
Other social security expenses	846,487	1,162,908	0	0
Other staff expenses	406,955	37,165	0	0
	77,246,810	64,781,867	0	0
Including remuneration to the Executive Board and Board of Directors:				
Executive board	2,203,400		0	
Board of directors	100,000		0	
	2,303,400		0	
Including remuneration to the Executive Board and Board of Directors				
		1,376,250		0
Average number of employees	100	87	0	0

The incentive scheme offered to the key employees of Dawn Holding ApS includes the issuance of a total 47,707 Warrants with the right to subscribe for up to nominal DKK 47,707 A-shares in the Company without pre-emption right for the Company's key employees.

The Warrants vest in one instalment upon signing of the "Warrant Grant and Subscription Agreement".

The Warrants are only exercisable in connection with an Exit.

Incentive programmes are not recognised in the Financial Statements.

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
2. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment				
Amortisation of intangible assets	4,379,606	0	0	0
Depreciation of property, plant and equipment	960,388	560,598	0	0
	5,339,994	560,598	0	0

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
3. Financial income				
Interest received from group enterprises	0	0	3,913,490	4,078,221
Other financial income	2,194,105	789,951	355,427	0
Exchange gains	184,922	0	0	0
	2,379,027	789,951	4,268,917	4,078,221

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
4. Financial expenses				
Impairment losses on financial assets	0	0	0	1,639,503
Other financial expenses	964,487	2,602,561	86,205	27,672
Exchange loss	90,241	340,420	0	0
	1,054,728	2,942,981	86,205	1,667,175

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
5. Income tax expense				
Current tax for the year	-2,357,397	-4,823,440	894,278	885,610
Deferred tax for the year	-918,863	947,351	0	0
	-3,276,260	-3,876,089	894,278	885,610

	Parent company	
	2023	2022
	DKK	DKK
6. Profit allocation		
Retained earnings	3,170,658	1,500,436
	3,170,658	1,500,436

Notes to the Financial Statements

7. Intangible fixed assets Group

	Completed development projects	Development projects in pro- gress
	DKK	DKK
Cost at 1 January	8,451,873	13,480,187
Additions for the year	9,306,696	1,521,376
Transfers for the year	13,480,187	-13,480,187
Cost at 31 December	<u>31,238,756</u>	<u>1,521,376</u>
Impairment losses and amortisation at 1 January	0	0
Amortisation for the year	4,379,606	0
Impairment losses and amortisation at 31 December	<u>4,379,606</u>	<u>0</u>
Carrying amount at 31 December	<u>26,859,150</u>	<u>1,521,376</u>
Amortised over	<u>5 years</u>	

8. Property, plant and equipment Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	3,302,788	233,480
Additions for the year	578,850	204,285
Disposals for the year	-61,628	0
Cost at 31 December	<u>3,820,010</u>	<u>437,765</u>
Impairment losses and depreciation at 1 January	1,262,909	0
Depreciation for the year	870,493	89,895
Reversal of impairment and depreciation of sold assets	-19,948	0
Impairment losses and depreciation at 31 December	<u>2,113,454</u>	<u>89,895</u>
Carrying amount at 31 December	<u>1,706,556</u>	<u>347,870</u>
Amortised over	<u>3-5 years</u>	<u>5 years</u>

Notes to the Financial Statements

	Parent company	
	2023	2022
	DKK	DKK
9. Investments in subsidiaries		
Cost at 1 January	10,258,651	11,898,154
Disposals for the year	-2,559,999	-1,639,503
Cost at 31 December	<u>7,698,652</u>	<u>10,258,651</u>
Carrying amount at 31 December	<u>7,698,652</u>	<u>10,258,651</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Dawn Health A/S	Copenhagen, Denmark	404.211 DKK	100%
Dawn Health Dubai ApS	Copenhagen, Denmark	40.000 DKK	100%
Dawn Health Zürich AG	Zürich, Switzerland	100.000 CHF	100%
Dawn Health US Inc.	Chicago, USA	1 USD	100%

10. Other fixed asset investments

	Group	Parent company
	Deposits	Receivables from group enterprises
	DKK	DKK
Cost at 1 January	3,118,264	129,453,016
Additions for the year	0	2,307,841
Disposals for the year	-642,086	-1,660,420
Cost at 31 December	<u>2,476,178</u>	<u>130,100,437</u>
Carrying amount at 31 December	<u>2,476,178</u>	<u>130,100,437</u>

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
11. Contract work in progress				
Selling price of work in progress	28,896,644	20,716,959	0	0
Payments received on account	-28,603,333	-15,762,210	0	0
	293,311	4,954,749	0	0

Recognised in the balance sheet as follows:

Contract work in progress recognised in assets	293,311	4,954,749	0	0
	293,311	4,954,749	0	0

12. Prepayments

Prepayments consist of prepaid rent, consultancy fees, etc.

	Group	
	2023	2022
	DKK	DKK
13. Cash flow statement - Adjustments		
Financial income	-2,379,027	-789,951
Financial expenses	1,054,728	2,942,981
Depreciation, amortisation and impairment losses, including losses and gains on sales	5,339,994	560,598
Tax on profit/loss for the year	-3,276,260	-3,876,089
Other adjustments	0	-224,974
	739,435	-1,387,435

	Group	
	2023	2022
	DKK	DKK
14. Cash flow statement - Change in working capital		
Change in receivables	1,764,890	-6,777,707
Change in trade payables, etc	284,092	7,391,455
Other changes in working capital	1	0
	2,048,983	613,748

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
15. Contingent assets, liabilities and other financial obligations				
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	4,935,000	5,165,923	0	0
Between 1 and 5 years	822,500	5,346,250	0	0
	5,757,500	10,512,173	0	0

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to DKK 0. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Group's liability.

16. Related parties

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

17. Subsequent events

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

Notes to the Financial Statements

18. Accounting policies

The Annual Report of Dawn Holding ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2023 are presented in DKK.

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, Dawn Holding 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.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

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 transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Notes to the Financial Statements

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Incentive schemes

The value of share-based payment, including share option and warrant plans that do not involve an outflow of cash and cash equivalents, offered to the Executive Board and a number of senior employees is not recognised in the income statement. The most significant conditions of the share option plans are disclosed in the notes.

Income statement

Revenue

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract 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 contract.

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.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve the consolidated revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, marketing cost, travel cost, office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Notes to the Financial Statements

Amortisation, depreciation and impairment losses

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

Income from investments in subsidiaries

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

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

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

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Danish Group entities. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Intangible fixed assets

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 year.

Property, plant and equipment

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

Notes to the Financial Statements

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

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

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	3-5 years
Leasehold improvements	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 and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of deposits.

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.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Notes to the Financial Statements

Prepayments

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

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, 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.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

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

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 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".

Notes to the Financial Statements

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

Financial Highlights

Explanation of financial ratios

Return on assets $\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$

Solvency ratio $\text{Equity at year end} \times 100 / \text{Total assets at year end}$

Return on equity $\text{Net profit for the year} \times 100 / \text{Average equity}$