BEIERHOLM
VI SKABER BALANCE

# XCI A/S

Niels Jernes Vej 6 A, 9220 Aalborg Øst
CVR no. 39 13 56 47

## Annual report for 2024

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 18.03.25

Mads Peter Lübeck
Dirigent

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# Company information etc.

## The company

XCI A/S
Niels Jernes Vej 6 A
9220 Aalborg Øst
Registered office: Aalborg Øst
CVR no.: 39 13 56 47
Financial year: 01.01 - 31.12

## Executive Board

Tue From Hermansen

## Board of Directors

Mads Peter Lübeck
Mads Wiederholdt Jensen
Jørn Larsen
Jesper Andersen
Anders Christian Schelde

## Auditors

Beierholm
Godkendt Revisionspartnerselskab

# Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.24 - 31.12.24 for XCI A/S.

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

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.24 and of the results of the company's activities for the financial year 01.01.24 - 31.12.24.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Aalborg Øst, February 26, 2025

**Executive Board**

Tue From Hermansen

**Board of Directors**

Mads Peter Lübeck
Chairman

Mads Wiederholdt Jensen

Jørn Larsen

Jesper Andersen

Anders Christian Schelde

# Independent auditor's report

**To the Shareholder of XCI A/S**

## Opinion

We have audited the financial statements of XCI A/S for the financial year 01.01.24 - 31.12.24, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including material accounting policy information. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion the financial statements give a true and fair view of the company's financial position at 31.12.24 and of the results of the company's operations for the financial year 01.01.24 - 31.12.24 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 financial statements" section of our report. We are independent of the company 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 the management's review

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, it is 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 by law and regulations.

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

**Management's responsibilities for the financial statements**

Management is responsible for the preparation of 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 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 company or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

- Conclude on the appropriateness of management's 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Plan and perform the audit of the financial statements to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for expressing an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed. 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.

Aarhus, February 26, 2025

**Beierholm**
Godkendt Revisionspartnerselskab
CVR no. 32 89 54 68

Carsten Andersen
State Authorised Public Accountant
MNE-no. mne27703

## FINANCIAL HIGHLIGHTS

### Key figures

| Figures in DKK '000 | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| *Profit/loss* | | | | | |
| Operating profit | 68.016 | 35.820 | 22.983 | 12.921 | 1.150 |
| Total net financials | 485 | 517 | -223 | -382 | -577 |
| Profit for the year | 53.633 | 28.726 | 18.099 | 10.068 | -66 |
| *Balance* | | | | | |
| Total assets | 174.697 | 143.597 | 79.092 | 70.010 | 38.255 |
| Investments in property, plant and equipment | 3.140 | 2.590 | 4.597 | 94 | 48 |
| Equity | 89.384 | 60.751 | 36.975 | 23.877 | 13.782 |

### Ratios

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| *Equity ratio* | | | | | |
| Solvency ratio | 51% | 42% | 47% | 34% | 36% |

*Ratios definitions*

Solvency ratio: $\frac{\text{Equity, end of year x 100}}{\text{Total assets}}$

## Primary activities

As in previous years, the company´s main activities are to develop products that help organizations investigate cyber crime.

## Development in activities and financial affairs

The income statement for the period 01.01.24 - 31.12.24 shows a profit of DKK 53,632,920 against DKK 28,725,777 for the period 01.01.23 - 31.12.23. The balance sheet shows equity of DKK 89,384,167.

The expectations to earnings for 2024 were a net profit of DKK 27,244,000. The result was better than expected in the budget, due to an increase in revenue driven by increase in customer demand. The management considers the net profit for the year to be satisfactory.

## Outlook

XCI expects a profit before tax in the range of mDKK 55-70 for the financial year 2025. XCI will keep building momentum in sales and marketing activities matched by continued investments in product development to support this momentum.

## Research and development activities

The company´s continued investments in development of the software platform as well as new features ensure XCI´s continued value creation for customers and competitiveness in the market.

A total of mDKK 30,7 was invested in development activities in the financial year. In 2025, development activities are expected to increase due to expected increase in development capacity.

## Subsequent events

No important events have occurred after the end of the financial year.

# Income statement

| Note | | 2024<br>DKK | 2023<br>DKK |
|---|---|---|---|
| | **Gross profit** | **135.760.051** | **81.865.290** |
| 1 | Staff costs | -45.896.791 | -29.585.498 |
| | **Profit before depreciation, amortisation, write-downs and impairment losses** | **89.863.260** | **52.279.792** |
| | Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment | -21.847.554 | -16.429.262 |
| | Other operating expenses | 0 | -30.286 |
| | **Operating profit** | **68.015.706** | **35.820.244** |
| 2 | Income from equity investments in group enterprises | -488.058 | 0 |
| 3 | Financial income | 1.624.041 | 644.248 |
| 4 | Financial expenses | -651.065 | -127.098 |
| | **Profit before tax** | **68.500.624** | **36.337.394** |
| | Tax on profit for the year | -14.867.704 | -7.611.617 |
| | **Profit for the year** | **53.632.920** | **28.725.777** |

5 Proposed appropriation account

# Balance sheet

## ASSETS

| Note | | 31.12.24<br>DKK | 31.12.23<br>DKK |
|---|---|---|---|
| | Completed development projects | 26.978.327 | 20.503.296 |
| | Acquired rights | 3.011.576 | 824.517 |
| | Development projects in progress | 15.099.024 | 11.952.704 |
| 6 | **Total intangible assets** | **45.088.927** | **33.280.517** |
| | Other fixtures and fittings, tools and equipment | 4.785.843 | 4.631.417 |
| 7 | **Total property, plant and equipment** | **4.785.843** | **4.631.417** |
| 9 | Deposits | 937.453 | 809.473 |
| | **Total investments** | **937.453** | **809.473** |
| | **Total non-current assets** | **50.812.223** | **38.721.407** |
| | Trade receivables | 29.388.802 | 24.045.844 |
| | Receivables from group enterprises | 1.072.089 | 4.824.782 |
| | Income tax receivable | 690.511 | 0 |
| | Other receivables | 187.815 | 0 |
| 10 | Prepayments | 1.111.060 | 775.636 |
| | **Total receivables** | **32.450.277** | **29.646.262** |
| | **Cash** | **91.434.560** | **75.228.980** |
| | **Total current assets** | **123.884.837** | **104.875.242** |
| | **Total assets** | **174.697.060** | **143.596.649** |

# Balance sheet

## EQUITY AND LIABILITIES

| Note | | 31.12.24<br>DKK | 31.12.23<br>DKK |
|---|---|---|---|
| 11 | Share capital | 500.000 | 500.000 |
| | Reserve for development costs | 32.820.336 | 25.315.681 |
| | Retained earnings | 41.213.831 | 9.935.566 |
| | Proposed dividend for the financial year | 14.850.000 | 25.000.000 |
| | **Total equity** | **89.384.167** | **60.751.247** |
| 12 | Provisions for deferred tax | 9.570.359 | 7.087.884 |
| | **Total provisions** | **9.570.359** | **7.087.884** |
| 13 | Deferred income | 13.626.794 | 5.304.970 |
| | **Total long-term payables** | **13.626.794** | **5.304.970** |
| | Payables to other credit institutions | 194.136 | 232.106 |
| | Trade payables | 955.682 | 1.676.967 |
| | Income taxes | 0 | 5.820.430 |
| | Other payables | 10.086.704 | 13.197.351 |
| | Deferred income | 50.879.218 | 49.525.694 |
| | **Total short-term payables** | **62.115.740** | **70.452.548** |
| | **Total payables** | **75.742.534** | **75.757.518** |
| | **Total equity and liabilities** | **174.697.060** | **143.596.649** |

14 Contingent liabilities
15 Charges and security
16 Related parties

# Statement of changes in equity

| Figures in DKK | Share capital | Reserve for development costs | Retained earnings | Proposed dividend for the financial year |
|---|---|---|---|---|
| Statement of changes in equity for 01.01.24 - 31.12.24 | | | | |
| Balance as at 01.01.24 | 500.000 | 25.315.681 | 9.935.566 | 25.000.000 |
| Dividend paid | 0 | 0 | 0 | -25.000.000 |
| Other changes in equity | 0 | 7.504.655 | -7.504.655 | 0 |
| Net profit/loss for the year | 0 | 0 | 38.782.920 | 14.850.000 |
| Balance as at 31.12.24 | 500.000 | 32.820.336 | 41.213.831 | 14.850.000 |

| | 2024<br>DKK | 2023<br>DKK |
|---|---|---|

## 1. Staff costs

| | | |
|---|---|---|
| Wages and salaries | 35.088.397 | 21.893.321 |
| Pensions | 6.351.426 | 4.426.247 |
| Other social security costs | 715.248 | 421.752 |
| Other staff costs | 3.741.720 | 2.844.178 |
| Total | 45.896.791 | 29.585.498 |
| Average number of employees during the year | 80 | 55 |

Remuneration for the management:

| | | |
|---|---|---|
| Remuneration for the Executive Board and Board of Directors | 6.893.141 | 5.404.676 |

With reference to section 98b(3) no. 1 of the Danish Financial Statements Act, remuneration for the Executive Board and Board of Directors are summarized for 2024 and 2023, as information would otherwise lead to amounts being shown for a single member of management.

## 2. Income from equity investments in group enterprises

| | | |
|---|---|---|
| Share of profit or loss of group enterprises | -488.058 | 0 |
| Total | -488.058 | 0 |

| | 2024<br>DKK | 2023<br>DKK |
|---|---|---|

## 3. Financial income

| | | |
|---|---|---|
| Interest, group enterprises | 104.877 | 84.131 |
| Other interest income | 1.518.794 | 560.117 |
| Foreign currency translation adjustments | 370 | 0 |
| Other financial income | 1.519.164 | 560.117 |
| Total | 1.624.041 | 644.248 |

## 4. Financial expenses

| | | |
|---|---|---|
| Other interest expenses | 45.216 | 25.683 |
| Foreign currency translation adjustments | 540.083 | 101.415 |
| Other financial expenses | 65.766 | 0 |
| Total | 651.065 | 127.098 |

## 5. Proposed appropriation account

| | | |
|---|---|---|
| Extraordinary dividend for the financial year | 0 | 4.950.000 |
| Proposed dividend for the financial year | 14.850.000 | 25.000.000 |
| Retained earnings | 38.782.920 | -1.224.223 |
| Total | 53.632.920 | 28.725.777 |

## 6. Intangible assets

| Figures in DKK | Completed development projects | Acquired rights | Development projects in progress |
|---|---|---|---|
| Cost as at 01.01.24 | 55.813.433 | 824.517 | 11.952.703 |
| Additions during the year | 12.701.654 | 2.869.870 | 15.099.024 |
| Transfers during the year to/from other items | 11.952.703 | 0 | -11.952.703 |
| Cost as at 31.12.24 | 80.467.790 | 3.694.387 | 15.099.024 |
| Amortisation and impairment losses as at 01.01.24 | -35.310.137 | 0 | 0 |
| Amortisation during the year | -18.179.326 | -682.811 | 0 |
| Amortisation and impairment losses as at 31.12.24 | -53.489.463 | -682.811 | 0 |
| Carrying amount as at 31.12.24 | 26.978.327 | 3.011.576 | 15.099.024 |

Development projects relate to the development of products within the Company's core business. The projects are progressing according to plan through the use of resources allocated by Management to the development. Prior to the launching of the projects the company has assessed that there is a need in the market for the projects.

## 7. Property, plant and equipment

| Figures in DKK | Other fixtures and fittings, tools and equipment |
|---|---|
| Cost as at 01.01.24 | 7.431.353 |
| Additions during the year | 3.139.845 |
| Cost as at 31.12.24 | 10.571.198 |
| Depreciation and impairment losses as at 01.01.24 | -2.799.938 |
| Depreciation during the year | -2.985.417 |
| Depreciation and impairment losses as at 31.12.24 | -5.785.355 |
| Carrying amount as at 31.12.24 | 4.785.843 |

## 8. Equity investments in group enterprises

| Figures in DKK | Equity investments in group enterprises |
|---|---|
| Additions during the year | 186.438 |
| Cost as at 31.12.24 | 186.438 |
| Net profit/loss from equity investments | -488.058 |
| Revaluations as at 31.12.24 | -488.058 |
| Negative equity value impaired in receivables | 301.620 |
| Depreciation and impairment losses as at 31.12.24 | 301.620 |
| Carrying amount as at 31.12.24 | 0 |

| Name and registered office: | Ownership interest |
|---|---|
| Subsidiaries: | |
| XCI GmbH, Tyskland | 100% |

## 9. Other non-current financial assets

| Figures in DKK | Deposits |
|---|---|
| Cost as at 01.01.24 | 937.453 |
| Cost as at 31.12.24 | 937.453 |
| Carrying amount as at 31.12.24 | 937.453 |

## 10. Prepayments

| | | |
|---|---|---|
| Other prepayments | 1.111.060 | 775.636 |
| Total | 1.111.060 | 775.636 |

## 11. Share capital

The share capital consists of:

| | Quantity | Total nominal value DKK |
|---|---|---|
| Share capital | 500.000 | 500.000 |
| Total | | 500.000 |

## 12. Deferred tax

| | | |
|---|---|---|
| Deferred tax recognised in the income statement | 9.570.359 | 7.087.884 |
| Deferred tax as at 31.12.24 | 9.570.359 | 7.087.884 |

## 13. Long-term payables

| Figures in DKK | Total payables at 31.12.24 | Total payables at 31.12.23 |
|---|---|---|
| Deferred income | 13.626.794 | 5.304.970 |
| Total | 13.626.794 | 5.304.970 |

Deferred income consists of a prepaied product delivery commitment to a customer.

## 14. Contingent liabilities

*Lease commitments*

The company has concluded lease agreements with terms to maturity of 2-26 months and total lease payments of DKK 1,778k.

*Guarantee commitments*

The company has provided a guarantee of EUR 3.504k as a payment guarantee to a customer.

*Other contingent liabilities*

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The total tax liability for the jointly taxed companies at the balance sheet date has not yet been determined. For further information, please see the financial statements of the management company XCI Holding A/S.

## 15. Charges and security

As a security for payment guarantee from credit institutions, a company charge of DKK 4.000k and DKK 6.736k has been provided from the company. As at 31.12.24, the company charge comprises the following assets with the following carrying amounts:

- Other plant, fixtures and fittings, tools and equipment, DKK 4.786k
- Inventories, DKK 0k
- Trade receivables, DKK 29,389k

## 16. Related parties

| Controlling influence | Basis of influence |
|---|---|
| XCI Holding A/S, Aalborg | Majority of votes |

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

Remuneration for the management is specified in note 1. Staff costs.

## 17. Accounting policies

### GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for medium-sized enterprises in reporting class C with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

### Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

### CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates.

**17. Accounting policies** - continued -

The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the reserve for net revaluation according to the equity method in respect of investments measured according to the equity method, and otherwise under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

**LEASES**

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

**INCOME STATEMENT**

**Gross profit**

Gross profit comprises revenue, other operating income and cost of sales and other external expenses.

**Revenue**

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from the sale of services is recognised in the income statement in line with completion of services, which means that revenue corresponds to the selling price of the work performed for the year stated on the basis of the stage of completion at the balance sheet date (percentage of completion method).

**Other operating income**

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of

**17. Accounting policies** - continued -

intangible assets and property, plant and equipment.

### Cost of sales

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

### Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

### Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

### Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

| | Useful lives, years | Residual value DKK |
|---|---|---|
| Completed development projects | 3 | |
| Acquired rights | 3 | 0 |
| Other plant, fixtures and fittings, tools and equipment | 2-5 | 0 |

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

**17. Accounting policies** - continued -

**Other operating expenses**

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

**Income from equity investments in group entreprises**

For equity investments in equity investments in subsidiaries, measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

**Other net financials**

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

**Tax on profit/loss for the year**

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

**BALANCE SHEET**

**Intangible assets**

*Completed development projects and development projects in progress*

Development projects are recognised in the balance sheet where the project aims at

**17. Accounting policies** - continued -

developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

*Acquired rights*

Aquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.
Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

*Gains and losses on the disposal of intangible assets*

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

**Property, plant and equipment**

Property, plant and equipment comprise other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

**17. Accounting policies** - continued -

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

**Equity investments in group entreprises**

Equity investments in subsidiaries are recognised and measured according to the equity method. For equity investments in subsidiaries, the equity method is considered a measurement method.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

Under subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Equity investments with a negative carrying amount are measured at DKK 0. Receivables that are considered part of the combined investment in the enterprises in question are impaired by any remaining negative equity value. Other receivables from such enterprises are impaired to the extent that such receivables are considered uncollectible. Provisions to cover the remaining negative equity value are recognised to the extent that the company has a legal or constructive obligation to cover the liabilities of the enterprise in question.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

**Impairment losses on fixed assets**

The carrying amount of fixed assets which are not measured at fair value is assessed

**17. Accounting policies** - continued -

annually for indications of impairment over and above what is reflected in depreciation and amortisation.

Impairment losses are reversed when the reasons for the impairment no longer exist.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

**17. Accounting policies** - continued -

**Receivables**

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

**Prepayments**

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

**Cash**

Cash includes deposits in bank account.

**Equity**

The proposed dividend for the financial year is recognised as a separate item in equity.

The net revaluation of equity investments measured according to the equity method is recognized in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

An amount equivalent to internally generated development costs in the balance sheet is recognised in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

**Current and deferred tax**

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under

**17. Accounting policies** - continued -

receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

**Payables**

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.

**Deferred income**

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.

**CASH FLOW STATEMENT**

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared as the enterprise is included in the consolidated cash flow statement.