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# *Muninn ApS*

Valkendorfs­gade 13, DK-1151 Copenhagen

## Annual Report for 2024

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CVR No. 37 78 31 10

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 30/4 2025

Michael Haldbo  
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 Muninn ApS for the financial year 1 January - 31 December 2024.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2024 of the Company and of the results of the Company operations for 2024.

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, 30 April 2025

## Executive Board

Mikkel Drucker

Michael Haldbo

## Board of Directors

Mikkel Drucker  
Chairman

# Independent Auditor's report

To the shareholder of Muninn ApS

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Muninn ApS for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 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 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 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 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.

# 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 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 30 April 2025

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Søren Alexander

State Authorised Public Accountant

mne42824

André Christensen

State Authorised Public Accountant

mne50615

## Company information

|                           |                                                                                                                                                                                                              |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>The Company</b>        | Muninn ApS<br>Valkendorfs­gade 13<br>DK-1151 Copenhagen<br><br>CVR No: 37 78 31 10<br>Financial period: 1 January - 31 December<br>Incorporated: 31 December 2016<br>Municipality of reg. office: Copenhagen |
| <b>Board of Directors</b> | Mikkel Drucker, chairman                                                                                                                                                                                     |
| <b>Executive Board</b>    | Mikkel Drucker<br>Michael Haldbo                                                                                                                                                                             |
| <b>Auditors</b>           | PricewaterhouseCoopers<br>Statsautoriseret Revisionspartnerselskab<br>Strandvejen 44<br>DK-2900 Hellerup                                                                                                     |

# Management's review

## Key activities

The company's main activity consists of conducting business with the development, sale and operation of software and consulting services within the IT area, related business at the discretion of the Board of Directors.

## Development in the year

The income statement of the Company for 2024 shows a loss of TDKK 13,106, and at 31 December 2024 the balance sheet of the Company shows a negative equity of TDKK 2,170.

In 2024 the Logpoint Group acquired Muninn. Muninn's advanced technology strengthens the Logpoint groups cybersecurity portfolio, enhancing real-time threat detection and network security monitoring.

## Capital resources

The Company has reported a negative financial result in 2024 and lost more than 50% of its share capital. The Company is therefore subject to section 119 of the Danish Companies Act. Please refer to note 1, where management explains its capital resources.

## 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 | 2024<br>TDKK   | 2023<br>TDKK   |
|---------------------------------------------------------------------------------------------------------|------|----------------|----------------|
| <b>Gross profit</b>                                                                                     |      | <b>9,782</b>   | <b>7,967</b>   |
| Staff expenses                                                                                          | 2    | -13,094        | -17,573        |
| <b>Earnings Before Interest Taxes Depreciation and Amortization</b>                                     |      | <b>-3,312</b>  | <b>-9,606</b>  |
| Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment |      | -5,058         | -1,546         |
| Other operating expenses                                                                                |      | -2,699         | 0              |
| <b>Profit/loss before financial income and expenses</b>                                                 |      | <b>-11,069</b> | <b>-11,152</b> |
| Financial income                                                                                        |      | 14             | 27             |
| Financial expenses                                                                                      |      | -2,051         | -895           |
| <b>Profit/loss before tax</b>                                                                           |      | <b>-13,106</b> | <b>-12,020</b> |
| Tax on profit/loss for the year                                                                         | 3    | 0              | 618            |
| <b>Net profit/loss for the year</b>                                                                     |      | <b>-13,106</b> | <b>-11,402</b> |

### Distribution of profit

|                                         | 2024<br>TDKK   | 2023<br>TDKK   |
|-----------------------------------------|----------------|----------------|
| <b>Proposed distribution of profit</b>  |                |                |
| Transfer for the year to other reserves | 0              | 1,449          |
| Retained earnings                       | -13,106        | -12,851        |
|                                         | <b>-13,106</b> | <b>-11,402</b> |

# Balance sheet 31 December

## Assets

|                                                  | Note     | 2024<br>TDKK  | 2023<br>TDKK  |
|--------------------------------------------------|----------|---------------|---------------|
| Completed development projects                   |          | 4,810         | 4,939         |
| Development projects in progress                 |          | 636           | 2,430         |
| <b>Intangible assets</b>                         | <b>4</b> | <b>5,446</b>  | <b>7,369</b>  |
| Other fixtures and fittings, tools and equipment |          | 4,408         | 5,289         |
| <b>Property, plant and equipment</b>             | <b>5</b> | <b>4,408</b>  | <b>5,289</b>  |
| Deposits                                         | 6        | 25            | 25            |
| <b>Fixed asset investments</b>                   |          | <b>25</b>     | <b>25</b>     |
| <b>Fixed assets</b>                              |          | <b>9,879</b>  | <b>12,683</b> |
| Finished goods and goods for resale              |          | 23            | 23            |
| <b>Inventories</b>                               |          | <b>23</b>     | <b>23</b>     |
| Trade receivables                                |          | 1,792         | 1,581         |
| Other receivables                                |          | 0             | 6             |
| Corporation tax                                  |          | 87            | 650           |
| Prepayments                                      |          | 696           | 566           |
| <b>Receivables</b>                               |          | <b>2,575</b>  | <b>2,803</b>  |
| Cash at bank and in hand                         |          | 485           | 1,999         |
| <b>Current assets</b>                            |          | <b>3,083</b>  | <b>4,825</b>  |
| <b>Assets</b>                                    |          | <b>12,962</b> | <b>17,508</b> |

# Balance sheet 31 December

## Liabilities and equity

|                                                                | Note | 2024<br>TDKK  | 2023<br>TDKK  |
|----------------------------------------------------------------|------|---------------|---------------|
| Share capital                                                  |      | 115           | 95            |
| Share premium account                                          |      | 9,198         | 0             |
| Reserve for development costs                                  |      | 4,248         | 5,749         |
| Retained earnings                                              |      | -15,731       | -4,125        |
| <b>Equity</b>                                                  |      | <b>-2,170</b> | <b>1,719</b>  |
| Other provisions                                               | 7    | 1,673         | 0             |
| <b>Provisions</b>                                              |      | <b>1,673</b>  | <b>0</b>      |
| Lease obligations                                              |      | 1,639         | 2,845         |
| Payables to owners and Management                              |      | 0             | 3,329         |
| Other payables                                                 |      | 204           | 194           |
| <b>Long-term debt</b>                                          | 8    | <b>1,843</b>  | <b>6,368</b>  |
| Lease obligations                                              | 8    | 1,137         | 1,059         |
| Prepayments received from customers                            |      | 3,903         | 4,913         |
| Trade payables                                                 |      | 97            | 879           |
| Payables to group enterprises                                  |      | 5,676         | 0             |
| Other payables                                                 | 8    | 803           | 2,070         |
| Deferred income                                                |      | 0             | 500           |
| <b>Short-term debt</b>                                         |      | <b>11,616</b> | <b>9,421</b>  |
| <b>Debt</b>                                                    |      | <b>13,459</b> | <b>15,789</b> |
| <b>Liabilities and equity</b>                                  |      | <b>12,962</b> | <b>17,508</b> |
| Going concern                                                  | 1    |               |               |
| Contingent assets, liabilities and other financial obligations | 9    |               |               |
| Related parties                                                | 10   |               |               |
| Accounting Policies                                            | 11   |               |               |

## Statement of changes in equity

|                                                        | Share capital | Share premium account | Reserve for development costs | Retained earnings | Total         |
|--------------------------------------------------------|---------------|-----------------------|-------------------------------|-------------------|---------------|
|                                                        | TDKK          | TDKK                  | TDKK                          | TDKK              | TDKK          |
| Equity at 1 January                                    | 95            | 0                     | 5,748                         | -3,816            | 2,027         |
| Net effect of correction of material misstatements     | 0             | 0                     | 0                             | -309              | -309          |
| Adjusted equity at 1 January                           | 95            | 0                     | 5,748                         | -4,125            | 1,718         |
| Cash capital increase                                  | 20            | 9,198                 | 0                             | 0                 | 9,218         |
| Other equity movements                                 | 0             | 0                     | 423                           | -423              | 0             |
| Development costs for the year                         | 0             | 0                     | 2,108                         | -2,108            | 0             |
| Depreciation, amortisation and impairment for the year | 0             | 0                     | -4,031                        | 4,031             | 0             |
| Net profit/loss for the year                           | 0             | 0                     | 0                             | -13,106           | -13,106       |
| <b>Equity at 31 December</b>                           | <b>115</b>    | <b>9,198</b>          | <b>4,248</b>                  | <b>-15,731</b>    | <b>-2,170</b> |

# Notes to the Financial Statements

## 1. Going concern

The Company has lost more than 50% of its share capital and subjected to section 119 of the Danish Companies Act. The Company's management will re-establish the share capital in the coming years with support from LogPoint A/S.

The Company requires additional liquidity to continue its operations. To address this, the Company has received a letter of support from its parent Company, LogPoint A/S which ensures that the necessary liquidity will be provided and will be effective until the point in time where the annual report for the Company for 2025 is approved by the general meeting. As a result, management is confident that the Company will be able to meet its financial obligations as they fall due.

Based on this support, management believes that the going concern assumption is valid, and the Annual Report has been prepared accordingly under the assumption that the Company will continue as a going concern.

## 2. Staff expenses

|                                 | 2024          | 2023          |
|---------------------------------|---------------|---------------|
|                                 | TDKK          | TDKK          |
| Wages and salaries              | 11,720        | 15,677        |
| Pensions                        | 937           | 1,269         |
| Other social security expenses  | 154           | 161           |
| Other staff expenses            | 283           | 466           |
|                                 | <u>13,094</u> | <u>17,573</u> |
| <br>Average number of employees | <br><u>17</u> | <br><u>25</u> |

## 3. Income tax expense

|                          | 2024     | 2023        |
|--------------------------|----------|-------------|
|                          | TDKK     | TDKK        |
| Current tax for the year | 0        | -618        |
|                          | <u>0</u> | <u>-618</u> |

# Notes to the Financial Statements

## 4. Intangible fixed assets

|                                                   | Completed<br>development<br>projects | Develop-<br>ment projects<br>in progress |
|---------------------------------------------------|--------------------------------------|------------------------------------------|
|                                                   | TDKK                                 | TDKK                                     |
| Cost at 1 January                                 | 7,535                                | 2,430                                    |
| Additions for the year                            | 1,466                                | 642                                      |
| Transfers for the year                            | 1,219                                | -1,219                                   |
| Cost at 31 December                               | 10,220                               | 1,853                                    |
| Impairment losses and amortisation at 1 January   | 2,596                                | 0                                        |
| Impairment losses for the year                    | 0                                    | 1,217                                    |
| Amortisation for the year                         | 2,814                                | 0                                        |
| Impairment losses and amortisation at 31 December | 5,410                                | 1,217                                    |
| <b>Carrying amount at 31 December</b>             | <b>4,810</b>                         | <b>636</b>                               |
| Amortised over                                    | 5 years                              |                                          |

The company's development project consists of an artificial intelligence based detection system that can detect and stop unknown cyber threats in real time. All projects are managed from an Agile perspective and the Company has detailed time and material monitoring which enable a tight management of project costs. The costs of the development projects are primarily salaries and other costs, which are directly traceable to the actual projects which are organized by product. The intangible assets are recognized based on the management assessments with the following overall criteria's:

- The development projects are based on clear functional specifications and corresponding tickets that are monitored in a timeline and are technically possible to complete with full transparency
- Intention to market the products as soon as they are completed and released
- Ability of applying the products to the customers
- Based on a plan of how the future economic benefits will be exploited
- Muninn have sufficient resources to complete the projects
- The value is calculated reliably based on future projected cash flows and the capitalized costs related to the individual projects

# Notes to the Financial Statements

## 5. Property, plant and equipment

|                                                        | Other fixtures<br>and fittings,<br>tools and<br>equipment |
|--------------------------------------------------------|-----------------------------------------------------------|
|                                                        | TDKK                                                      |
| Cost at 1 January                                      | 6,746                                                     |
| Additions for the year                                 | 244                                                       |
| Disposals for the year                                 | -129                                                      |
| Cost at 31 December                                    | 6,861                                                     |
| Impairment losses and depreciation at 1 January        | 1,457                                                     |
| Depreciation for the year                              | 1,027                                                     |
| Reversal of impairment and depreciation of sold assets | -31                                                       |
| Impairment losses and depreciation at 31 December      | 2,453                                                     |
| <b>Carrying amount at 31 December</b>                  | <b>4,408</b>                                              |
| Amortised over                                         | 3-5 years                                                 |
| Including assets under finance leases amounting to     | 4,157                                                     |

## 6. Other fixed asset investments

|                                       | Deposits  |
|---------------------------------------|-----------|
|                                       | TDKK      |
| Cost at 1 January                     | 25        |
| Cost at 31 December                   | 25        |
| <b>Carrying amount at 31 December</b> | <b>25</b> |

# Notes to the Financial Statements

## 7. Other provisions

Other provisions

| 2024         | 2023     |
|--------------|----------|
| TDKK         | TDKK     |
| 1,673        | 0        |
| <b>1,673</b> | <b>0</b> |

The provisions are expected to mature as follows:

Within 1 year

After 5 years

|              |          |
|--------------|----------|
| 1,673        | 0        |
| 0            | 0        |
| <b>1,673</b> | <b>0</b> |

## 8. Long-term debt

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

The debt falls due for payment as specified below:

### Lease obligations

After 5 years

Between 1 and 5 years

Long-term part

Within 1 year

| 2024         | 2023         |
|--------------|--------------|
| TDKK         | TDKK         |
| 0            | 0            |
| 1,639        | 2,845        |
| 1,639        | 2,845        |
| 1,137        | 1,059        |
| <b>2,776</b> | <b>3,904</b> |

### Payables to owner and Management

After 5 years

Between 1 and 5 years

Long-term part

Within 1 year

|          |              |
|----------|--------------|
| 0        | 0            |
| 0        | 3,329        |
| 0        | 3,329        |
| 0        | 0            |
| <b>0</b> | <b>3,329</b> |

# Notes to the Financial Statements

|                           | 2024         | 2023         |
|---------------------------|--------------|--------------|
|                           | TDKK         | TDKK         |
| <b>8. Long-term debt</b>  |              |              |
| Other payables            |              |              |
| After 5 years             | 0            | 0            |
| Between 1 and 5 years     | 204          | 194          |
| Long-term part            | 204          | 194          |
| Other short-term payables | 803          | 2,070        |
|                           | <b>1,007</b> | <b>2,264</b> |

## 9. Contingent assets, liabilities and other financial obligations

### Guarantee obligations

The Company has provided security in the form of a payment guarantee of TDKK 400 . The amounts are recognized under cash and cash equivalents.

The Company has provided a third party with a guarantee of TDKK 10,000.

### 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 is disclosed in the Annual Report of Summa AdminCo ApS, which is the management company of the joint taxation purposes. 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 Company's liability.

## 10. Related parties and disclosure of consolidated financial statements

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

| Name                                 | Place of registered office             |
|--------------------------------------|----------------------------------------|
| CyberPeak MidCo ApS<br>CVR: 43869752 | Valkendorfsgrde 13A<br>1151 Kbenhavn K |

# Notes to the Financial Statements

## 11. Accounting policies

The Annual Report of Muninn ApS for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2024 are presented in TDKK.

### Correction of material misstatements

Correction has been made of misstatements regarding previous years due to incorrect measurement of received grant. Management has noted that recognition and measurement of revenue from contracts with customers have been incorrect in the previous financial year 2022 and 2023. The misstatements have an effect on the Income Statement, Balance Sheet and Equity in the comparative figures, why they have been restated accordingly.

In respect of the financial year 2023, the Company's other operating income which is included in Gross profit have been affected negatively by TDKK 250. Tax of the year has been reduced with TDKK 55. Deferred revenue in the balance sheet has been increased with TDKK 396. Current tax receivables have been increased with TDKK 87. Furthermore, the equity on 1 January 2024 has been reduced with TDKK 309 due to the misstatements in 2022 and 2023.

### Changes in accounting estimates

The Management has reassessed the amortisation period of completed development projects. The amortisation period have been 10-12 year prior years. But from 1 January 2024 it has been reassessed to 5 years for all projects. It has increased the amortisation in the Income statement with TDKK 2,112 and reduced the carrying amount at 31 December 2024 of completed development projects with TDKK 2,112.

### 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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

# Notes to the Financial Statements

## Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

## Income statement

### Revenue

Revenue from sale of licenses on a subscription model which provides the customer with a right to access the software as it exist at anytime in the subscription period is recognized in the income statement on a straight line during the subscription period. As income recognition criteria for sale of perpetual licenses and hardware, the completed contract method is applied so that revenue comprises invoiced revenue for the year. Revenue from the sale is recognised in the income statement when delivery is made and risk has passed to the buyer before the end of the financial year. As income recognition criteria for sale of consulting services, the production criteria is applied so that revenue comprises the invoiced revenue for the year reduced by prepayments and with addition for work in progress measured at market value.

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

### Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, 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, other operating income, direct expenses 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.

### Amortisation, depreciation and impairment losses

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

# Notes to the Financial Statements

## Other operating income and expenses

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

Grants is related to development projects. Upfront payment of grants are included in the deferred income line and recognised in the income statement when the project is completed and the depreciations has begun. It is recognised as other operating income.

## Financial income and expenses

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

## Tax on profit/loss for the year

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

The Company is jointly taxed with other Danish group enterprises. 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.

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

# Notes to the Financial Statements

Interest expenses on loans are not recognised in cost during construction and reconstruction periods.

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 |
|--------------------------------------------------|-----------|

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.

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

## Other fixed asset investments

Other fixed asset investments consist of deposit.

## Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

## Receivables

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

## Prepayments

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

## Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a obligation and it is probable that economic benefits must be given up to settle the obligation.

## Deferred tax assets and liabilities

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

Deferred tax assets, 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 within the same legal tax entity.

# Notes to the Financial Statements

## **Current tax receivables and liabilities**

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

## **Financial liabilities**

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

## **Deferred income**

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