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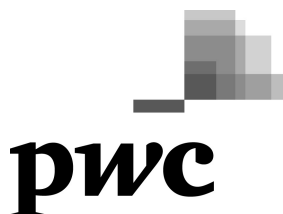
# ***Danish Aerospace Company A/S***

Hvidkærvej 31 A, Højme, DK-5250 Odense SV

## **Interim Financial Statements for the period 1 January - 30 June 2022**

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CVR No 12 42 42 48



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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Interim Financial Statements of Danish Aerospace Company A/S for the period 1 January - 30 June 2022.

In our opinion the Interim Financial Statements have been prepared in accordance with the recognition and measurement criteria of the Danish Financial Statements Act and the disclosure and presentation requirements established by the Supervisory Board.

In our opinion the Interim Financial Statements give a true and fair view of the financial position at 30 June 2022 of the Company and of the results of the Company operations and cash flows for the period.

Odense, 29 August 2022

## Executive Board

Thomas Axel Esbern Andersen

## Board of Directors

Niels Heering  
Chairman

Søren Bjørn Hansen  
Deputy Chairman

James Vernon Zimmerman

Tina Moe

# Practitioner's Statement on Compilation of Financial Statements

To the Management of Danish Aerospace Company A/S

We have compiled the Financial Statements of Danish Aerospace Company A/S for the period 1 January - 30 June 2022 on the basis of the Enterprise's accounting records and other information you have provided.

The Interim Financial Statements comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies.

We performed our work in accordance with ISRS 4410, Engagements to Compile Financial Information.

Based on our professional expertise, we have assisted you with the preparation and presentation of the Interim Financial Statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions of the Danish Act on Approved Auditors and Audit Firms and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), including the principles of integrity, objectivity, professional competence and due care.

The Interim Financial Statements and the accuracy and completeness of the information forming the basis of the compilation of the Interim Financial Statements are your responsibility.

As an engagement to compile financial information is not an assurance engagement, we are under no duty to verify the accuracy or completeness of the information you provided to us to compile the Interim Financial Statements. Accordingly, we express no audit opinion or review opinion as to whether the Interim Financial Statements have been prepared in accordance with the Danish Financial Statements Act.

Odense, 29 August 2022

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

René Otto Poulsen  
State Authorised Public Accountant

Kristian Rath  
State Authorised Public Accountant

## Company Information

### **The Company**

Danish Aerospace Company A/S  
Hvidkærvej 31 A  
Højme  
DK-5250 Odense SV

CVR No: 12 42 42 48  
Financial period: 1 January - 30 June  
Municipality of reg. office: Odense

### **Board of Directors**

Niels Heering, Chairman  
Søren Bjørn Hansen  
James Vernon Zimmerman  
Tina Moe

### **Executive Board**

Thomas Axel Esbern Andersen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Munkebjergvænget 1, 3. og 4. sal  
DK-5230 Odense M

## Income Statement 1 January - 30 June

	Note	1/1-2022 - 6/30-2022 DKK	1/1-2021 - 6/30-2021 DKK
<b>Revenue</b>		<b>10,995,079</b>	<b>10,288,029</b>
Work on own account recognised in assets		121,522	58,118
Other operating income		103,055	0
Expenses for raw materials and consumables		-1,029,968	-1,163,028
Other external expenses		-1,807,814	-1,609,512
<b>Gross profit/loss</b>		<b>8,381,874</b>	<b>7,573,607</b>
Staff expenses	2	-7,781,151	-7,309,308
<b>Profit/loss before interest, taxes, depreciation and amortization</b>		<b>600,723</b>	<b>264,299</b>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-385,973	-691,029
<b>Profit/loss before financial income and expenses</b>		<b>214,750</b>	<b>-426,730</b>
Income from investments in subsidiaries		-374,931	-347,457
Income from investments in associates		-7,125	-1,081
Financial income	3	704,643	109,680
Financial expenses	4	-14,300	-189,143
<b>Profit/loss before tax</b>		<b>523,037</b>	<b>-854,731</b>
Tax on profit/loss for the period	5	-199,134	87,516
<b>Net profit/loss for the period</b>		<b>323,903</b>	<b>-767,215</b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings		323,903	-767,215
		<b>323,903</b>	<b>-767,215</b>

# Balance Sheet 30 June

## Assets

	Note	6/30-2022 DKK	6/30-2021 DKK
Completed development projects		671,205	986,710
Acquired patents		592,594	473,363
Development projects in progress		375,555	167,575
<b>Intangible assets</b>	6	<b>1,639,354</b>	<b>1,627,648</b>
Other fixtures and fittings, tools and equipment		1,259,535	1,427,336
Leasehold improvements		525,783	425,975
<b>Property, plant and equipment</b>	7	<b>1,785,318</b>	<b>1,853,311</b>
Investments in subsidiaries	8	0	0
Investments in associates	9	39,823	55,294
<b>Fixed asset investments</b>		<b>39,823</b>	<b>55,294</b>
<b>Fixed assets</b>		<b>3,464,495</b>	<b>3,536,253</b>
Raw materials and consumables		48,000	300,480
<b>Inventories</b>		<b>48,000</b>	<b>300,480</b>
Trade receivables		5,147,882	2,884,321
Contract work in progress	10	14,776,554	21,669,089
Receivables from group enterprises		4,299,698	3,644,678
Other receivables		802,038	253,937
Corporation tax		31,807	317,752
Prepayments		492,841	464,559
<b>Receivables</b>		<b>25,550,820</b>	<b>29,234,336</b>
<b>Cash at bank and in hand</b>		<b>344,732</b>	<b>554,806</b>
<b>Currents assets</b>		<b>25,943,552</b>	<b>30,089,622</b>
<b>Assets</b>		<b>29,408,047</b>	<b>33,625,875</b>

# Balance Sheet 30 June

## Liabilities and equity

	Note	6/30-2022 DKK	6/30-2021 DKK
Share capital		1,090,833	1,090,833
Reserve for development costs		816,473	900,342
Retained earnings		17,750,117	16,986,714
<b>Equity</b>		<b>19,657,423</b>	<b>18,977,889</b>
Provision for deferred tax		3,942,983	3,188,673
<b>Provisions</b>		<b>3,942,983</b>	<b>3,188,673</b>
Other payables		1,117,938	1,886,170
<b>Long-term debt</b>		<b>1,117,938</b>	<b>1,886,170</b>
Credit institutions		824,718	5,815,778
Prepayments received from customers		52,653	195,800
Trade payables		282,714	381,422
Contract work in progress, liabilities	10	90,191	0
Other payables		2,073,159	3,180,143
Deferred income		1,366,268	0
<b>Short-term debt</b>		<b>4,689,703</b>	<b>9,573,143</b>
<b>Debt</b>		<b>5,807,641</b>	<b>11,459,313</b>
<b>Liabilities and equity</b>		<b>29,408,047</b>	<b>33,625,875</b>
Key activities	1		
Contingent assets, liabilities and other financial obligations	13		
Accounting Policies	14		



## Statement of Changes in Equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	1,090,833	824,735	17,810,947	19,726,515
Exchange adjustments	0	0	-392,995	-392,995
Development costs for the period	0	94,787	-94,787	0
Depreciation, amortisation and impairment for the period	0	-103,049	103,049	0
Net profit/loss for the period	0	0	323,903	323,903
<b>Equity at 30 June</b>	<b>1,090,833</b>	<b>816,473</b>	<b>17,750,117</b>	<b>19,657,423</b>

## Cash Flow Statement 1 January - 30 June

	<u>Note</u>	1/1-2022 - 6/30-2022 DKK	1/1-2021 - 6/30-2021 DKK
Net profit/loss for the period		323,903	-767,215
Adjustments	11	276,819	1,031,514
Change in working capital	12	<u>-2,922,588</u>	<u>322,060</u>
<b>Cash flows from operating activities before financial income and expenses</b>		<b>-2,321,866</b>	<b>586,359</b>
Financial income		704,643	109,679
Financial expenses		<u>-14,300</u>	<u>-189,143</u>
<b>Cash flows from operating activities</b>		<b><u>-1,631,523</u></b>	<b><u>506,895</u></b>
Purchase of intangible assets		-205,266	-179,085
Purchase of property, plant and equipment		<u>-193,484</u>	<u>-47,199</u>
<b>Cash flows from investing activities</b>		<b><u>-398,750</u></b>	<b><u>-226,284</u></b>
Raising of loans from credit institutions		824,718	1,328,911
Loans to group enterprises		<u>-1,132,586</u>	<u>-1,212,782</u>
<b>Cash flows from financing activities</b>		<b><u>-307,868</u></b>	<b><u>116,129</u></b>
<b>Change in cash and cash equivalents</b>		<b>-2,338,141</b>	<b>396,740</b>
Cash and cash equivalents at 1 January		<u>2,682,873</u>	<u>158,064</u>
<b>Cash and cash equivalents at 30 June</b>		<b><u>344,732</u></b>	<b><u>554,804</u></b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		<u>344,732</u>	<u>554,804</u>
<b>Cash and cash equivalents at 30 June</b>		<b><u>344,732</u></b>	<b><u>554,804</u></b>

# Notes to the Interim Financial Statements

## 1 Key activities

Danish Aerospace Company A/S develops innovative technological solutions for the purpose of exploration of space and other extreme environments. The activities are comprised of design, development and manufacturing of medical monitoring and exercise equipment, as well as support in connection with preparations for and completion of human space flights. Danish Aerospace Company A/S is listed on Nasdaq First North Growth Market in Copenhagen.

	1/1-2022 - 6/30-2022	1/1-2021 - 6/30-2021
	DKK	DKK
<b>2 Staff expenses</b>		
Wages and salaries	7,170,283	6,778,427
Pensions	420,587	404,880
Other social security expenses	92,826	94,620
Other staff expenses	97,455	31,381
	<b>7,781,151</b>	<b>7,309,308</b>
<b>Average number of employees</b>	<b>25</b>	<b>25</b>
<b>3 Financial income</b>		
Interest received from group enterprises	109,835	87,299
Exchange adjustments	594,808	22,381
	<b>704,643</b>	<b>109,680</b>
<b>4 Financial expenses</b>		
Interest paid to group enterprises	8,660	6,351
Other financial expenses	5,640	182,792
	<b>14,300</b>	<b>189,143</b>
<b>5 Tax on profit/loss for the period</b>		
Current tax for the year	0	0
Deferred tax for the year	199,134	-87,516
	<b>199,134</b>	<b>-87,516</b>

## Notes to the Interim Financial Statements

### 6 Intangible assets

	Completed development projects DKK	Acquired patents DKK	Development projects in progress DKK	Total DKK
Cost at 1 January	4,717,764	4,075,042	254,033	9,046,839
Additions for the period	0	83,743	121,522	205,265
Cost at 30 June	4,717,764	4,158,785	375,555	9,252,104
Impairment losses and amortisation at 1 January	3,914,445	3,551,176	0	7,465,621
Amortisation for the period	132,114	15,015	0	147,129
Impairment losses and amortisation at 30 June	4,046,559	3,566,191	0	7,612,750
<b>Carrying amount at 30 June</b>	<b>671,205</b>	<b>592,594</b>	<b>375,555</b>	<b>1,639,354</b>

The Company's portfolio of internal development projects comprises a new generation of exercise and medical monitoring equipment for astronauts. The expectation is that the improved and new products may be sold to commercial private aerospace companies such as ESA and NASA. The depreciation periods have been adjusted to the expected sales periods. Projects in progress are progressing as planned and the Company has sufficient resources to complete the projects within the deadlines set out.

### 7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Total DKK
Cost at 1 January	3,930,829	1,488,497	5,419,326
Additions for the period	190,383	3,101	193,484
Cost at 30 June	4,121,212	1,491,598	5,612,810
Impairment losses and depreciation at 1 January	2,679,279	909,369	3,588,648
Depreciation for the period	182,398	56,446	238,844
Impairment losses and depreciation at 30 June	2,861,677	965,815	3,827,492
<b>Carrying amount at 30 June</b>	<b>1,259,535</b>	<b>525,783</b>	<b>1,785,318</b>

## Notes to the Interim Financial Statements

	6/30-2022	6/30-2021
	DKK	DKK
<b>8 Investments in subsidiaries</b>		
Cost at 1 January	5,592,667	5,592,667
Cost at 30 June	5,592,667	5,592,667
Value adjustments at 1 January	-10,327,671	-9,409,270
Exchange adjustment	-392,995	-123,487
Net profit/loss for the year	-374,931	-347,456
Value adjustments at 30 June	-11,095,597	-9,880,213
Equity investments with negative net asset value amortised over receivables	5,502,930	4,287,546
<b>Carrying amount at 30 June</b>	<b>0</b>	<b>0</b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Danish Aerospace Medical Company A/S	Odense, DK	DKK 500,000	100%
Danish Aerospace Company - France S.A.	France	EUR 3,500	100%
Danish Aerospace Company - North America, Inc.	USA	USD 1,000	100%

## Notes to the Interim Financial Statements

	6/30-2022	6/30-2021
	DKK	DKK
<b>9 Investments in associates</b>		
Cost at 1 January	40,000	40,000
Cost at 30 June	40,000	40,000
Value adjustments at 1 January	6,948	16,375
Net profit/loss for the period	-7,125	-1,081
Value adjustments at 30 June	-177	15,294
<b>Carrying amount at 30 June</b>	<b>39,823</b>	<b>55,294</b>

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Aquaporin Space Alliance ApS	Odense, DK	DKK 80,000	50%

## 10 Contract work in progress

Selling price of work in progress	43,078,642	44,303,124
Payments received on account	-28,392,279	-22,634,035
	<b>14,686,363</b>	<b>21,669,089</b>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	14,776,554	21,669,089
Prepayments received recognised in debt	-90,191	0
	<b>14,686,363</b>	<b>21,669,089</b>

# Notes to the Interim Financial Statements

	1/1-2022 - 6/30-2022 DKK	1/1-2021 - 6/30-2021 DKK
<b>11 Cash flow statement - adjustments</b>		
Financial income	-704,643	-109,680
Financial expenses	14,300	189,143
Depreciation, amortisation and impairment losses, including losses and gains on sales	385,972	691,029
Income from investments in subsidiaries	374,931	347,457
Income from investments in associates	7,125	1,081
Tax on profit/loss for the period	199,134	-87,516
	<b>276,819</b>	<b>1,031,514</b>

## 12 Cash flow statement - change in working capital

Change in inventories	145,312	505,896
Change in receivables	-3,351,189	-1,971,360
Change in trade payables, etc	283,289	1,787,524
	<b>-2,922,588</b>	<b>322,060</b>

## 13 Contingent assets, liabilities and other financial obligations

### Charges and security

The following assets have been placed as security with bankers:

Floating charge totalling mDKK 6 providing security on receivables, inventories and other property, plant and equipment at a total carrying amount of	26,713,526	23,037,238
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### 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 Company's liability.

# Notes to the Interim Financial Statements

## 14 Accounting Policies

The Interim Financial Statements of Danish Aerospace Company A/S for the period 1 January - 30 June 2021 have been prepared in accordance with the accounting principles applied to the 2020 Annual report and the Interim financial statements for the period 1 January 2020 - 30 June 2020.

The Interim Financial Statements for the period 1 January - 30 June 2022 are presented in DKK.

### Changes in accounting estimates

The company has for some development projects changed the depreciation horizon from 5 to 10 years with effect from the 1st of July 2021. The impact of the change is DKK 132k before tax.

### 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 period 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.

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

### 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 inte-



# Notes to the Interim Financial Statements

## 14 Accounting Policies (continued)

rest 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.

### 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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## Income Statement

### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

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 period (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 Company. 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 period. 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 Company. The stage of completion is determined

# Notes to the Interim Financial Statements

## 14 Accounting Policies (continued)

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 revenue for the year.

### Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

### Amortisation, depreciation and impairment losses

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

### 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.

### Income from investments in subsidiaries and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the period.

### Financial income and expenses

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

# Notes to the Interim Financial Statements

## 14 Accounting Policies (continued)

### Tax on profit/loss for the period

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

The Company is jointly taxed with affiliated Danish companies. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance Sheet

### Intangible assets

#### *Development projects and patents*

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 5-10 years.

Patents are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents are amortised over the remaining patent period or a shorter useful life. The amortisation period

# Notes to the Interim Financial Statements

## 14 Accounting Policies (continued)

is 20 years.

### 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.

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	5-8	years
Leasehold improvements	8	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 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.

### Investments in associates

Investments in associates are recognised and measured under the equity method.

The item "Investments in associates" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in associates is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the associates.

Associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of

# Notes to the Interim Financial Statements

## 14 Accounting Policies (continued)

the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

### **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 raw materials and consumables 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.

### **Contract work in progress**

Contract work in progress regarding service 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.

### **Prepayments**

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

# Notes to the Interim Financial Statements

## 14 Accounting Policies (continued)

### 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 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.

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. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the period 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 debts

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.

## Cash Flow Statement

The cash flow statement shows the Company's cash flows for the period broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the period.

### Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the period 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.

# Notes to the Interim Financial Statements

## 14 Accounting Policies (continued)

### **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".

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

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Næstformand

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IP: 185.237.xxx.xxx

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NEM ID 

## The name is withheld (SSN validated)

Bestyrelsesmedlem

Serial number: PID:9208-2002-2-677875625539

IP: 45.132.xxx.xxx

2022-08-29 12:11:17 UTC

NEM ID 

## Tina Moe

Bestyrelsesmedlem

Serial number: PID:9208-2002-2-051042547690

IP: 80.163.xxx.xxx

2022-08-29 14:02:29 UTC

NEM ID 

## Niels Thomas Heering

Bestyrelsesformand

Serial number: PID:9208-2002-2-418379903103

IP: 212.93.xxx.xxx

2022-08-29 16:03:36 UTC

NEM ID 

## Thomas Axel Esbern Andersen

Adm. direktør

Serial number: PID:9208-2002-2-393936196987

IP: 80.208.xxx.xxx

2022-08-30 05:15:31 UTC

NEM ID 

## René Otto Poulsen

Statsautoriseret revisor

Serial number: CVR:33771231-RID:24479570

IP: 83.136.xxx.xxx

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