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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 2025**

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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 2025.

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 Board of Directors.

In our opinion the Interim Financial Statements give a true and fair view of the financial position at 30 June 2025 of the Company and of the results of the Company operations and cash flows for the period.

Odense, 25 August 2025

## Executive Board

Thomas Axel Esbern Andersen

## Board of Directors

Niels Thomas Heering  
Chairman

Søren Bjørn Hansen

James Vernon Zimmerman

# 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 2025 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, 25 August 2025

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henrik Kyhnaug  
State Authorised Public Accountant

Claus Damhave  
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

### **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	1/1-2025 - 6/30-2025 DKK	1/1-2024 - 6/30-2024 DKK
<b>Revenue</b>		<b>9,775,062</b>	<b>9,563,144</b>
Work on own account recognised in assets		782,885	560,547
Other operating income		284,451	610,643
Expenses for raw materials and consumables		-529,775	-2,463,704
Other external expenses		-2,424,210	-1,809,077
<b>Gross profit/loss</b>		<b>7,888,413</b>	<b>6,461,553</b>
Staff expenses	3	-7,465,220	-8,113,687
<b>Profit/loss before interest, taxes, depreciation and amortization (EBITDA)</b>		<b>423,193</b>	<b>-1,652,134</b>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-227,408	-273,174
<b>Profit/loss before financial income and expenses (EBIT)</b>		<b>195,785</b>	<b>-1,925,308</b>
Income from investments in subsidiaries		0	-124,596
Income from investments in associates		8,678	-2,391
Financial income	4	97,813	271,210
Financial expenses	5	-1,035,888	-621,564
<b>Profit/loss before tax</b>		<b>-733,612</b>	<b>-2,402,649</b>
Tax on profit/loss for the period	6	163,304	500,646
<b>Net profit/loss for the period</b>		<b>-570,308</b>	<b>-1,902,003</b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings		-570,308	-1,902,003
		<b>-570,308</b>	<b>-1,902,003</b>

# Balance Sheet 30 June

## Assets

	Note	6/30-2025 DKK	6/30-2024 DKK	12/31-2024 (audited) DKK
Completed development projects		162,732	2,163,172	200,110
Acquired patents		1,355,368	1,118,064	1,283,031
Development projects in progress		4,702,470	964,721	3,919,585
<b>Intangible assets</b>	<b>7</b>	<b>6,220,570</b>	<b>4,245,957</b>	<b>5,402,726</b>
Other fixtures and fittings, tools and equipment		501,302	714,466	580,460
Leasehold improvements		225,307	304,900	262,074
<b>Property, plant and equipment</b>	<b>8</b>	<b>726,609</b>	<b>1,019,366</b>	<b>842,534</b>
Investments in subsidiaries	9	0	0	0
Investments in associates	10	15,737	12,667	7,059
<b>Fixed asset investments</b>		<b>15,737</b>	<b>12,667</b>	<b>7,059</b>
<b>Fixed assets</b>		<b>6,962,916</b>	<b>5,277,990</b>	<b>6,252,319</b>
Trade receivables		4,251,264	5,641,223	5,130,845
Contract work in progress	11	11,986,600	15,789,772	9,454,162
Receivables from group enterprises		4,047,676	4,303,306	4,088,668
Receivables from associates		27,707	0	42,307
Other receivables		440,158	245,627	750,462
Corporation tax		0	334,209	0
Prepayments		241,212	344,251	368,033
<b>Receivables</b>		<b>20,995,617</b>	<b>26,658,388</b>	<b>19,834,477</b>
<b>Cash at bank and in hand</b>		<b>200,143</b>	<b>49,791</b>	<b>297,376</b>
<b>Currents assets</b>		<b>21,195,760</b>	<b>26,708,179</b>	<b>20,131,853</b>
<b>Assets</b>		<b>28,158,676</b>	<b>31,986,169</b>	<b>26,384,172</b>

# Balance Sheet 30 June

## Liabilities and equity

	Note	6/30-2025 DKK	6/30-2024 DKK	12/31-2024 (audited) DKK
Share capital		1,098,287	1,090,833	1,090,833
Reserve for development costs		3,794,857	2,439,756	3,213,361
Reserve for foreign currency translation		-281,622	0	-281,622
Retained earnings		3,189,561	6,439,122	3,870,257
<b>Equity</b>		<b>7,801,083</b>	<b>9,969,711</b>	<b>7,892,829</b>
Provision for deferred tax		1,273,095	1,840,468	1,436,399
<b>Provisions</b>		<b>1,273,095</b>	<b>1,840,468</b>	<b>1,436,399</b>
Other payables		1,242,862	1,198,517	1,219,647
<b>Long-term debt</b>		<b>1,242,862</b>	<b>1,198,517</b>	<b>1,219,647</b>
Credit institutions		13,122,939	16,090,551	13,423,761
Payables to owners and Management		1,500,000	0	0
Trade payables		2,280,489	2,008,759	1,718,341
Other payables		938,208	878,163	693,195
<b>Short-term debt</b>		<b>17,841,636</b>	<b>18,977,473</b>	<b>15,835,297</b>
<b>Debt</b>		<b>19,084,498</b>	<b>20,175,990</b>	<b>17,054,944</b>
<b>Liabilities and equity</b>		<b>28,158,676</b>	<b>31,986,169</b>	<b>26,384,172</b>
Subsequent events	1			
Key activities	2			
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## Statement of Changes in Equity

	Share capital	Reserve for development costs	Reserve for foreign currency translation	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	1,090,833	3,213,361	-281,622	3,870,257	7,892,829
Capital increase	7,454	0	0	471,108	478,561
Development costs for the period	0	610,650	0	-610,650	0
Depreciation, amortisation and impairment for the period	0	-29,154	0	29,154	0
Net profit/loss for the period	0	0	0	-570,308	-570,308
<b>Equity at 30 June</b>	<b>1,098,287</b>	<b>3,794,857</b>	<b>-281,622</b>	<b>3,189,561</b>	<b>7,801,083</b>

## Cash Flow Statement 1 January - 30 June

	Note	1/1-2025 - 6/30-2025	1/1-2024 - 6/30-2024
		DKK	DKK
Net profit/loss for the period		-570,308	-1,902,003
Adjustments	12	994,905	249,869
Change in working capital	13	-386,356	2,708,533
<b>Cash flows from operating activities before financial income and expenses</b>		<b>38,241</b>	<b>1,056,399</b>
Financial income		97,813	165,477
Financial expenses		-1,035,888	-621,564
<b>Cash flows from operating activities</b>		<b>-899,834</b>	<b>600,312</b>
Purchase of intangible assets		-894,095	-686,580
Purchase of property, plant and equipment		-36,635	-18,209
<b>Cash flows from investing activities</b>		<b>-930,730</b>	<b>-704,789</b>
Change in loans from credit institutions		-300,822	428,601
Change in loans to group enterprises		55,592	-357,839
Change in loans from owners and Management		1,500,000	0
Capital increase		478,561	0
<b>Cash flows from financing activities</b>		<b>1,733,331</b>	<b>70,762</b>
<b>Change in cash and cash equivalents</b>		<b>-97,233</b>	<b>-33,715</b>
Cash and cash equivalents at 1 January		297,379	83,506
<b>Cash and cash equivalents at 30 June</b>		<b>200,143</b>	<b>49,791</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		200,143	49,791
<b>Cash and cash equivalents at 30 June</b>		<b>200,143</b>	<b>49,791</b>

# Notes to the Interim Financial Statements

## 1 Subsequent events

On 5 August 2025 the Company has merged with its subsidiary Danish Aerospace Medical Company A/S with Danish Aerospace Company A/S as the Continuing Company. As the merged has been adopted by the general assembly after 30 June 2025 the merger has not been recognised in the Interim Financial Statements for the period 1 January - 30 June 2025.

Moreover, the Company is in process of closing down its subsidiary in USA, Danish Aerospace Company - North America, Inc.

## 2 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.

## 3 Staff expenses

	1/1-2025 - 6/30-2025 DKK	1/1-2024 - 6/30-2024 DKK
Wages and salaries	6,890,214	7,560,110
Pensions	461,625	470,417
Other social security expenses	113,380	83,160
Other staff expenses	0	0
	<b>7,465,219</b>	<b>8,113,687</b>
<b>Average number of employees</b>	<b>24</b>	<b>27</b>

## 4 Financial income

Interest received from group enterprises	0	95,800
Other financial income	97,813	175,410
	<b>97,813</b>	<b>271,210</b>

## 5 Financial expenses

Other financial expenses	1,035,887	621,564
	<b>1,035,887</b>	<b>621,564</b>

# Notes to the Interim Financial Statements

## 6 Tax on profit/loss for the period

Current tax for the year	0	0
Deferred tax for the year	-163,304	-500,646
	<b>-163,304</b>	<b>-500,646</b>

## 7 Intangible assets

	Completed development projects DKK	Acquired patents DKK	Development projects in progress DKK	Total DKK
Cost at 1 January	4,717,765	4,979,503	3,919,585	13,616,853
Additions for the period	0	111,210	782,885	894,095
Cost at 30 June	4,717,765	5,090,713	4,702,470	14,510,948
Impairment losses and amortisation at 1 January	4,517,655	3,696,472	0	8,214,127
Amortisation for the period	37,377	38,873	0	76,250
Impairment losses and amortisation at 30 June	4,555,033	3,735,345	0	8,290,347
<b>Carrying amount at 30 June</b>	<b>162,732</b>	<b>1,355,368</b>	<b>4,702,470</b>	<b>6,220,571</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 1-2 years from balance date.

# Notes to the Interim Financial Statements

## 8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK
Cost at 1 January	4,237,235	1,491,597	5,728,832
Additions for the period	36,635	0	36,635
Cost at 30 June	4,273,870	1,491,597	5,765,467
Impairment losses and depreciation at 1 January	3,656,775	1,229,524	4,886,299
Depreciation for the period	115,793	36,766	152,559
Impairment losses and depreciation at 30 June	3,772,568	1,266,290	5,038,858
<b>Carrying amount at 30 June</b>	<b>501,302</b>	<b>225,307</b>	<b>726,609</b>

## 9 Investments in subsidiaries

	6/30-2025	6/30-2024	12/31-2024 (audited)
	DKK	DKK	DKK
Cost at 1 January	5,536,239	5,536,239	5,536,239
Disposals for the period	0	0	0
Cost at 30 June	5,536,239	5,536,239	5,536,239
Value adjustments at 1 January	-12,355,159	-11,448,242	-11,448,242
Exchange adjustment	0	-180,061	-281.622
Net profit/loss for the period	0	-124,596	-625.295
Adjustment of intra-group profits	0	0	0
Reversals for the year of revaluations in previous years	0	0	0
Value adjustments at 30 June	-12,355,159	-11,752,897	-12,355,159
Equity investments with negative net asset value amortised over receivables	6,818,920	6,216,658	6,818,920
<b>Carrying amount at 30 June</b>	<b>0</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 - North America, Inc.	USA	USD 1,000	100%

# Notes to the Interim Financial Statements

	6/30-2025 DKK	6/30-2024 DKK	12/31-2024 (audited) DKK
<b>10 Investments in associates</b>			
Cost at 1 January	40,000	40,000	40,000
Cost at 30 June	40,000	40,000	40,000
Value adjustments at 1 January	-32,941	-24,942	-24,942
Net profit/loss for the period	8,678	-2,391	-7,999
Value adjustments at 30 June	-24,263	-27,333	-32,941
<b>Carrying amount at 30 June</b>	<b>15,737</b>	<b>12,667</b>	<b>7,059</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%
	6/30-2025 DKK	6/30-2024 DKK	12/31-2024 (audited) DKK

## 11 Contract work in progress

Selling price of work in progress	89,789,675	68,233,678	71,259,900
Payments received on account	-77,803,075	-52,443,906	-61,805,738
	<b>11,986,600</b>	<b>15,789,772</b>	<b>9,454,162</b>
Recognised in the balance sheet as follows:			
Contract work in progress recognised in assets	11,986,600	15,789,772	9,454,162
Prepayments received recognised in debt	0	0	0
	<b>11,986,600</b>	<b>15,789,772</b>	<b>9,451,162</b>

## Notes to the Interim Financial Statements

	1/1-2025 - 6/30-2025 DKK	1/1-2024 - 6/30-2024 DKK
<b>12 Cash flow statement - adjustments</b>		
Financial income	-97,813	-271,210
Financial expenses	1,035,887	621,564
Depreciation, amortisation and impairment losses, including losses and gains on sales	228,813	273,174
Income from investments in subsidiaries	0	124,596
Income from investments in associates	-8,678	2,391
Tax on profit/loss for the period	-163,304	-500,646
	<b>994,905</b>	<b>249,869</b>
<b>13 Cash flow statement - change in working capital</b>		
Change in receivables	-1,216,732	2,810,507
Change in trade payables, etc	830,376	-101,974
	<b>-386,356</b>	<b>2,708,533</b>

# Notes to the Interim Financial Statements

	6/30-2025 DKK	6/30-2024 DKK	12/31-2024 (audited) DKK
<b>14 Contingent assets, liabilities and other financial obligations</b>			
<b>Charges and security</b>			
Credit facilities are secured by a mortgage on following assets:			
Corporate mortgage in the company's receivables, inventory, fixed assets, equipment and intangible fixed assets for a total of DKK 12.000k.			
The carrying amount of pledged assets for credit facilities amounts to	27,942,796	31,923,711	26,079,737

## Contingent liabilities

The Company has a rent obligation of DKK 312k in the period of interminability.

The Company has an accumulated lease obligation of DKK 159k.

A statement of support has been submitted from the company's management to the subsidiary. This must ensure that the company is able to continue operations and meet its obligations as they fall due.

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

## 15 Accounting Policies

The Interim Financial Statements of Danish Aerospace Company A/S for the period 1 January - 30 June 2025 have been prepared in accordance with the accounting principles applied to the 2024 Annual report and the Interim financial statements for the period 1 January 2023 - 30 June 2024.

The Interim Financial Statements for the period 1 January - 30 June 2025 are presented in DKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the 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 are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

# Notes to the Interim Financial Statements

## 14 Accounting Policies (continued)

### 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 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.

# Notes to the Interim Financial Statements

## 14 Accounting Policies (continued)

### 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.

### 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.

# Notes to the Interim Financial Statements

## 14 Accounting Policies (continued)

### 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 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.

# Notes to the Interim Financial Statements

## 14 Accounting Policies (continued)

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 biannual 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 subsidiaries and associates

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

The items "Investments in subsidiaries" and "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 inter-company profits or losses.

The total net revaluation of investments in subsidiaries and 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 subsidiaries and the associates.

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

# Notes to the Interim Financial Statements

## 14 Accounting Policies (continued)

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.

### 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

# Notes to the Interim Financial Statements

## 14 Accounting Policies (continued)

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.

### 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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