
Yavica ApS

Strandvejen 104B, DK-2900 Hellerup

Annual Report for 2024

CVR No. 38 67 96 19

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 30/7 2025

Mads Pihl Sørensen
Chairman of the
general meeting



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Management's statement

The Executive Board has today considered and adopted the Annual Report of Yavica ApS for the financial year 1 January - 31 December 2024.

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

In my 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 and cash flows for 2024.

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

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

Hellerup, 30 July 2025

Executive Board

Mads Pihl Sørensen
CEO

Independent Auditor's report

To the shareholder of Yavica 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 and cash flows for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Yavica ApS for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement 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.
- Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the Financial Statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

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

Independent Auditor's report

Hellerup, 30 July 2025

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Niels Henrik B. Mikkelsen

State Authorised Public Accountant

mne16675

Martin Birch

State Authorised Public Accountant

mne42825

Company information

The Company

Yavica ApS
Strandvejen 104B
DK-2900 Hellerup

Telephone: 42420282
Website: <https://yavica.com/>

CVR No: 38 67 96 19

Financial period: 1 January - 31 December

Incorporated: 20 May 2017

Financial year: 8th financial year

Municipality of reg. office: Gentofte

Executive Board

Mads Pihl Sørensen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's review

Key activities

The company's main activity is the delivery of business systems and related consulting services.

Development in the year

The income statement of the Company for 2024 shows a profit of DKK 18,960,454, and at 31 December 2024 the balance sheet of the Company shows a positive equity of DKK 28,864,228.

Capital resources

Yavica has grown significantly during the past 3 years, with group revenue increasing year-over-year while at the same time investing significant cash flows in development of current and new software products (CRM, Loan Management, Data Management) Investment in products. Reference is also made to note 1.

Uncertainty relating to recognition and measurement

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

Unusual events

The result for the year has been effected by sale of software assets to the affiliated company Yavica Software and this company's subsidiary Flexproperty ApS. The total sale price amounts to DKK 64.6 million resulting in a gain of DKK 27.2 million.

Yavica ApS has together with the transaction entered into agreements with Yavica Software and FlexProperty where Yavica ApS continues as the exclusive distributor of the software.

Reference is made to note 3 Special items.

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 | 2023 |
|---|------|-------------------|-------------------|
| | | DKK | DKK |
| Revenue | | 110,501,534 | 81,502,551 |
| Production expenses | | -75,160,813 | -63,995,025 |
| Gross profit | | 35,340,721 | 17,507,526 |
| Distribution expenses | | -12,511,345 | -11,412,313 |
| Administrative expenses | 2 | -27,169,169 | -14,371,559 |
| Operating profit/loss | | -4,339,793 | -8,276,346 |
| Other operating income | 3 | 27,152,341 | 3,231,278 |
| Profit/loss before financial income and expenses | | 22,812,548 | -5,045,068 |
| Income from investments in subsidiaries | | 1,666,335 | -420,675 |
| Financial income | | 626,941 | 1,233,808 |
| Financial expenses | | -1,228,418 | -1,818,107 |
| Profit/loss before tax | | 23,877,406 | -6,050,042 |
| Tax on profit/loss for the year | 4 | -4,916,952 | 1,149,071 |
| Net profit/loss for the year | | 18,960,454 | -4,900,971 |
| Distribution of profit | | | |
| | | 2024 | 2023 |
| | | DKK | DKK |
| Proposed distribution of profit | | | |
| Retained earnings | | 18,960,454 | -4,900,971 |
| | | 18,960,454 | -4,900,971 |

Balance sheet 31 December

Assets

| | Note | 2024 | 2023 |
|--|------|--------------------|-------------------|
| | | DKK | DKK |
| Completed development projects | | 0 | 27,063,702 |
| Acquired licenses | | 0 | 0 |
| Development projects in progress | | 574,391 | 2,005,901 |
| Intangible assets | 5 | 574,391 | 29,069,603 |
| Other fixtures and fittings, tools and equipment | | 60,517 | 90,857 |
| Property, plant and equipment | 6 | 60,517 | 90,857 |
| Investments in subsidiaries | 7 | 3,502,282 | 1,249,174 |
| Deposits | 8 | 2,203,849 | 1,878,121 |
| Other receivables | 8 | 0 | 700,000 |
| Fixed asset investments | | 5,706,131 | 3,827,295 |
| Fixed assets | | 6,341,039 | 32,987,755 |
| Trade receivables | | 12,363,536 | 12,823,910 |
| Contract work in progress | 9 | 0 | 2,028,666 |
| Receivables from group enterprises | 10 | 84,441,663 | 453,876 |
| Other receivables | | 172,771 | 577,478 |
| Prepayments | | 707,369 | 1,009,626 |
| Receivables | | 97,685,339 | 16,893,556 |
| Cash at bank and in hand | | 1,190,131 | 1,345,158 |
| Current assets | | 98,875,470 | 18,238,714 |
| Assets | | 105,216,509 | 51,226,469 |

Balance sheet 31 December

Liabilities and equity

| | Note | 2024 | 2023 |
|--|------|--------------------|-------------------|
| | | DKK | DKK |
| Share capital | | 50,000 | 50,000 |
| Reserve for development costs | | 574,391 | 22,674,290 |
| Retained earnings | | 28,239,837 | -12,606,588 |
| Equity | | 28,864,228 | 10,117,702 |
| | | | |
| Provision for deferred tax | | 121,680 | 1,821,510 |
| Provisions | | 121,680 | 1,821,510 |
| | | | |
| Payables to group enterprises | | 11,020,760 | 2,939,083 |
| Other payables | | 1,432,271 | 1,432,271 |
| Long-term debt | 11 | 12,453,031 | 4,371,354 |
| | | | |
| Credit institutions | | 6,127,927 | 4,037,815 |
| Trade payables | | 10,099,520 | 6,848,079 |
| Contract work in progress | 9 | 650 | 0 |
| Payables to group enterprises | 11 | 6,906,236 | 8,985,996 |
| Corporation tax | | 134,164 | 183,356 |
| Payables to group enterprises relating to corporation tax | | 6,616,782 | 0 |
| Other payables | 11 | 20,733,620 | 2,829,153 |
| Deferred income | | 13,158,671 | 12,031,504 |
| Short-term debt | | 63,777,570 | 34,915,903 |
| | | | |
| Debt | | 76,230,601 | 39,287,257 |
| | | | |
| Liabilities and equity | | 105,216,509 | 51,226,469 |
| | | | |
| Going concern | 1 | | |
| Contingent assets, liabilities and other financial obligations | 14 | | |
| Accounting Policies | 15 | | |

Statement of changes in equity

| | Share capital | Reserve for development costs | Retained earnings | Total |
|---|---------------|-------------------------------------|----------------------|-------------------|
| | DKK | DKK | DKK | DKK |
| Equity at 1 January | 50,000 | 22,674,290 | -12,606,588 | 10,117,702 |
| Exchange adjustments | 0 | 0 | -213,928 | -213,928 |
| Other equity movements | 0 | -31,049,830 | 31,049,830 | 0 |
| Development costs for the year | 0 | 18,020,314 | -18,020,314 | 0 |
| Depreciation, amortisation and impairment for the year | 0 | -9,070,383 | 9,070,383 | 0 |
| Net profit/loss for the year | 0 | 0 | 18,960,454 | 18,960,454 |
| Equity at 31 December | 50,000 | 574,391 | 28,239,837 | 28,864,228 |

Cash flow statement 1 January - 31 December

| | Note | 2024 | 2023 |
|---|------|--------------------|--------------------|
| | | DKK | DKK |
| Result of the year | | 18,960,454 | -4,900,971 |
| Adjustments | 12 | -14,413,453 | 6,350,936 |
| Change in working capital | 13 | -51,373,320 | 15,172,532 |
| Cash flow from operations before financial items | | -46,826,319 | 16,622,497 |
| Financial income | | 626,941 | 1,233,808 |
| Financial expenses | | -1,657,853 | -1,580,111 |
| Cash flows from ordinary activities | | -47,857,231 | 16,276,194 |
| Corporation tax paid | | -49,192 | -258,000 |
| Cash flows from operating activities | | -47,906,423 | 16,018,194 |
| Purchase of intangible assets | | -18,020,314 | -14,212,282 |
| Fixed asset investments made etc | | -374,339 | -1,289,652 |
| Sale of intangible assets | | 64,597,485 | 0 |
| Sale of fixed asset investments made etc | | 80,000 | 0 |
| Dividends received from subsidiaries | | 194,837 | 0 |
| Cash flows from investing activities | | 46,477,669 | -15,501,934 |
| Repayment of payables to group enterprises | | -816,385 | 0 |
| Raising of loans from credit institutions | | 2,090,112 | 340,156 |
| Cash flows from financing activities | | 1,273,727 | 340,156 |
| Change in cash and cash equivalents | | -155,027 | 856,416 |
| Cash and cash equivalents at 1 January | | 1,345,158 | 488,742 |
| Cash and cash equivalents at 31 December | | 1,190,131 | 1,345,158 |
| Cash and cash equivalents are specified as follows: | | | |
| Cash at bank and in hand | | 1,190,131 | 1,345,158 |
| Cash and cash equivalents at 31 December | | 1,190,131 | 1,345,158 |

Notes to the Financial Statements

1. Going concern

Yavica has grown significantly during the past 3 years, with group revenue increasing year-over-year (2024: 47%, 2023: 29%, 2022: 41%), while at the same time investing significant cash flows in development of current and new software products (CRM, Loan Management, Data Management) Investment in products over the last 3 years amounts to over mDKK 46 (2024: mDKK 18, 2023: mDKK 14, 2022: mDKK 14).

The combination of strong positive cash flows, stemming from Yavica's growth and improved operations, and the current 4mDKK credit arrangement with Danske Bank has supported this growth and investment level. Yavica's current growth plan is at a similar rate in 2025 and 2026. Management has initiated discussions with partners around additional financing and expect to agree a 3-5 year facility, but also has a letter of Support from Yavica Holding providing financial support in the form of subordinated loans to support Yavica's ambition to accelerate growth, during Q4 2025.

| | 2024 | 2023 |
|------------------------------------|-------------------|-------------------|
| | DKK | DKK |
| 2. Staff | | |
| Wages and salaries | 42,479,301 | 35,688,374 |
| Pensions | 3,819,375 | 3,094,480 |
| Other social security expenses | 1,001,083 | 678,808 |
| Other staff expenses | 5,170,285 | 1,136,156 |
| | <u>52,470,044</u> | <u>40,597,818</u> |
| Average number of employees | <u>48</u> | <u>42</u> |

The company has capitalized TDKK 18,020 (2023: TDKK 14,212) from salaries to development projects.

| | 2024 | 2023 |
|---------------------------|-------------------|----------|
| | DKK | DKK |
| 3. Special items | | |
| Sale of intangible assets | 27,152,341 | 0 |
| | <u>27,152,341</u> | <u>0</u> |

Other income in the amount of DKK 27,152,341 relates to sale of software assets to the affiliated company Yavica Software and this company's subsidiary FlexProperty ApS. The total sale price amounts to DKK 64.6 million and net capitalised development cost disposed amounts to DKK 27.3 million (reference is made to note 5) resulting in a gain of DKK 27.2 million.

Notes to the Financial Statements

| | 2024 | 2023 |
|--|------------------|-------------------|
| | DKK | DKK |
| 4. Income tax expense | | |
| Current tax for the year | 6,616,782 | 0 |
| Deferred tax for the year | -1,699,830 | -1,187,017 |
| Adjustment of deferred tax concerning previous years | 0 | 37,946 |
| | 4,916,952 | -1,149,071 |

5. Intangible fixed assets

| | Completed development projects | Acquired licenses | Develop- ment projects in progress |
|--|--------------------------------------|----------------------|--|
| | DKK | DKK | DKK |
| Cost at 1 January | 37,603,694 | 6,560,000 | 2,005,901 |
| Additions for the year | 0 | 0 | 18,020,314 |
| Disposals for the year | -56,850,739 | 0 | -204,780 |
| Transfers for the year | 19,247,045 | 0 | -19,247,044 |
| Cost at 31 December | 0 | 6,560,000 | 574,391 |
| Impairment losses and amortisation at 1 January | 10,539,992 | 6,560,000 | 0 |
| Amortisation for the year | 9,070,383 | 0 | 0 |
| Reversal of impairment and amortisation of sold assets | -19,610,375 | 0 | 0 |
| Impairment losses and amortisation at 31 December | 0 | 6,560,000 | 0 |
| Carrying amount at 31 December | 0 | 0 | 574,391 |
| Amortised over | 5 years | 5 years | |

The Company's development projects relates to the development of new products, as well as continued development, improvements and upgrading of the Company's existing products.

The development, improvement and upgrading is completed on an ongoing basis and the projects are ready for use upon completion. The products form the basis of a large part of the Company's existing business, hence, there are markets and customers for the products. Projects in progress, consist of supplementary products, which aren't ready for use.

Notes to the Financial Statements

6. Property, plant and equipment

| | Other fixtures and fittings, tools and equipment |
|---|---|
| | <u>DKK</u> |
| Cost at 1 January | 438,700 |
| Cost at 31 December | <u>438,700</u> |
| Impairment losses and depreciation at 1 January | 347,843 |
| Depreciation for the year | <u>30,340</u> |
| Impairment losses and depreciation at 31 December | <u>378,183</u> |
| Carrying amount at 31 December | <u>60,517</u> |

Notes to the Financial Statements

| | 2024 | 2023 |
|---|-------------------------|-------------------------|
| | DKK | DKK |
| 7. Investments in subsidiaries | | |
| Cost at 1 January | 143,644 | 142,898 |
| Additions for the year | 48,611 | 746 |
| Disposals for the year | -40,000 | 0 |
| Cost at 31 December | <u>152,255</u> | <u>143,644</u> |
| Value adjustments at 1 January | -631,967 | -244,403 |
| Exchange adjustment | -213,928 | 33,111 |
| Net profit/loss for the year | 1,626,335 | -420,675 |
| Dividend to the Parent Company | -194,837 | 0 |
| Value adjustments at 31 December | <u>585,603</u> | <u>-631,967</u> |
| Equity investments with negative net asset value amortised over receivables | <u>2,764,424</u> | <u>1,737,497</u> |
| Carrying amount at 31 December | <u>3,502,282</u> | <u>1,249,174</u> |

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Share capital | Ownership |
|---------------------------------------|----------------------------|---------------|-----------|
| Yavica Sweden AB | Segeltorp, Sweden | SEK 50,000 | 100% |
| Yavica CEE S.R.L. | Bucharest, Romania | RON 1,000 | 100% |
| Yavica NA LLC | Delaware, USA | USD 1 | 100% |
| Yavica UK Ltd. | Birmingham, England | GBP 1 | 100% |
| Yavica Netherlands B.V. | Amsterdam, the Netherlands | EUR 1 | 100% |
| Yavica Services India Private Limited | Delhi, India | INR 100,000 | 100% |
| Yavica SA (Pty) Ltd | Pretoria, South Africa | ZAR 100 | 90% |

Notes to the Financial Statements

8. Other fixed asset investments

| | Deposits |
|---------------------------------------|-------------------------|
| | DKK |
| Cost at 1 January | 1,878,121 |
| Additions for the year | 325,728 |
| Cost at 31 December | <u>2,203,849</u> |
| Carrying amount at 31 December | <u>2,203,849</u> |

9. Contract work in progress

| | 2024 | 2023 |
|--|-------------|------------------|
| | DKK | DKK |
| Selling price of work in progress | 45,502,739 | 48,335,162 |
| Payments received on account | -45,503,389 | -46,306,496 |
| | <u>-650</u> | <u>2,028,666</u> |
| Recognised in the balance sheet as follows: | | |
| Contract work in progress recognised in assets | 0 | 2,028,666 |
| Prepayments received recognised in debt | -650 | 0 |
| | <u>-650</u> | <u>2,028,666</u> |

10. Receivables

The following receivables fall due for payment more than 1 year after year end:

| | 2024 | 2023 |
|------------------------------------|-------------------|----------|
| | DKK | DKK |
| Receivables from group enterprises | 80,746,856 | 0 |
| | <u>80,746,856</u> | <u>0</u> |

Notes to the Financial Statements

| 2024 | 2023 |
|------|------|
| DKK | DKK |

11. 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:

Payables to group enterprises

| | | |
|--|-------------------|-------------------|
| After 5 years | 0 | 0 |
| Between 1 and 5 years | 11,020,760 | 2,939,083 |
| Long-term part | 11,020,760 | 2,939,083 |
| Other short-term debt to group enterprises | 6,906,236 | 8,985,996 |
| | <u>17,926,996</u> | <u>11,925,079</u> |

Other payables

| | | |
|---------------------------|-------------------|------------------|
| After 5 years | 1,432,271 | 1,432,271 |
| Long-term part | 1,432,271 | 1,432,271 |
| Other short-term payables | 20,733,620 | 2,829,153 |
| | <u>22,165,891</u> | <u>4,261,424</u> |

Long term payables to group enterprises as of 31 December 2024 consists of a subordinated loan from Yavica Holding ApS.

| 2024 | 2023 |
|------|------|
| DKK | DKK |

12. Cash flow statement - Adjustments

| | | |
|---|--------------------|------------------|
| Financial income | -626,941 | -1,233,808 |
| Financial expenses | 1,228,418 | 1,818,107 |
| Depreciation, amortisation and impairment losses, including losses and gains on sales | -18,051,619 | 6,486,480 |
| Income from investments in subsidiaries | -1,666,335 | 420,675 |
| Tax on profit/loss for the year | 4,916,952 | -1,149,071 |
| Exchange adjustments | -213,928 | 33,111 |
| Other adjustments | 0 | -24,558 |
| | <u>-14,413,453</u> | <u>6,350,936</u> |

Notes to the Financial Statements

| | <u>2024</u> | <u>2023</u> |
|---|---------------------------|--------------------------|
| | DKK | DKK |
| 13. Cash flow statement - Change in working capital | | |
| Change in receivables | -80,475,347 | -3,156,466 |
| Change in trade payables, etc | <u>29,102,027</u> | <u>18,328,998</u> |
| | <u>-51,373,320</u> | <u>15,172,532</u> |
| | | |
| | <u>2024</u> | <u>2023</u> |
| | DKK | DKK |
| 14. Contingent assets, liabilities and other financial obligations | | |
| Charges and security | | |
| The following assets have been placed as security with bankers: | | |
| Floating charge (virksomhedspant) | 4,000,000 | 4,000,000 |
| | | |
| Rental and lease obligations | | |
| Lease obligations under operating leases. Total future lease payments: | | |
| Within 1 year | 2,044,675 | 486,924 |
| Between 1 and 5 years | <u>3,067,012</u> | <u>4,770,908</u> |
| | <u>5,111,687</u> | <u>5,257,832</u> |

Notes to the Financial Statements

15. Accounting policies

The Annual Report of Yavica 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 DKK.

Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

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.

Leases

All 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

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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.

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

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the 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.

Notes to the Financial Statements

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the 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.

Production expenses

Production expenses comprises costs incurred to achieve revenue for the year. Cost comprises consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

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

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

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 its danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

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.

Other intangible fixed assets

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

Software licences are amortised over the period of the agreements, which is 5 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:

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

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

Investments in subsidiaries

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

Notes to the Financial Statements

The item “Investments in subsidiaries” 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 subsidiaries 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.

Subsidiaries 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.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Receivables

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

Contract work in progress

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

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

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

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

Prepayments

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

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.

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.

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.

Cash Flow Statement

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

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

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