
Usertribe A/S

Langebrogade 4, DK-1411 Copenhagen

Annual Report for 2022

CVR No. 33 51 06 08

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 6/7 2023

Klaus Melchior
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of Usertribe A/S for the financial year 1 January - 31 December 2022.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

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

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Copenhagen, 19 June 2023

Executive Board

Casper Henningsen
CEO

Jonas Gudbjartur Alexandersson
CXO

Klaus Melchior
CFO

Board of Directors

Morten Christiansen
Chairman

Thomas Magnussen

Simon Pleidrup Lagrelius

Stig Hølleddig

Simon Sinding Jørgensen

Independent Auditor's report

To the shareholders of Usertribe A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Usertribe A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 19 June 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Lars Almskou Ohmeyer

State Authorised Public Accountant

mne24817

Niels Henrik B. Mikkelsen

State Authorised Public Accountant

mne16675

Company information

The Company	Usertribe A/S Langebrogade 4 DK-1411 Copenhagen CVR No: 33 51 06 08 Financial period: 1 January - 31 December Incorporated: 1 March 2011 Financial year: 12th financial year Municipality of reg. office: Copenhagen
Board of Directors	Morten Christiansen, chairman Thomas Magnussen Simon Pleidrup Lagrelius Stig Hølleddig Simon Sinding Jørgensen
Executive Board	Casper Henningsen Jonas Gudbjartur Alexandersson Klaus Melchior
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Management's review

Key activities

UserTribe A/S is a Danish technology company that operates globally under the brand name Sonarapp.com™

The company's key activity is developing and delivering products and services for Human Insights based (qualitative insights) on Artificial Intelligence (AI) and Machine Learning.

Mission: To empower the creators of tomorrow with the insights they need to build winning products, services, and experiences for the many people.

Vision: Bettering the human experience, one "aha!" at a time.

Development in the year

The company's income statement for the year ended 31 December 2022 shows a net loss of DKK 26 million. Net loss adjusted for non-recurring costs amounts to DKK 16.5 million. The balance sheet at 31 December 2022 shows DKK 13.9 million of equity.

Gross profit were lower than prior year driven by lower-than-expected performance in the partner channel.

To fuel our growth and enhance our AI and Machine Learning capabilities, we successfully completed a funding round of DKK 45 million in mid-2022. This investment also allowed us to scale our selling and marketing functions. As part of this expansion, we made the strategic decision to discontinue our partner setup, which was initiated in 2021.

In late 2022, we launched a marketplace featuring a suite of AI-led products covering the entire product life cycle. These unique offerings are expected to gain significant customer traction in the coming years. Completed development projects increased from DKK 42.8 million in 2021 to DKK 45.0 million in 2022.

During 2022, we incurred non-recurring costs totaling DKK 9.5 million, primarily related to the funding process, the discontinued partner setup, and external expenses associated with the marketplace launch.

Correction of material misstatements

In 2023 Management observed a technical mistake in the measurement of provision of deferred revenue, which have a significant effect on the equity as per 1 January 2021. Reference is made to further description in the notes to the Financial Statements Accounting policy.

Targets and expectations for the year ahead

The company expects significant growth in 2023 based on the scale up of the selling and marketing functions and increasing demand for the company's products and services.

In the first three months of 2023 alone, we have already signed customer contracts valued at DKK 12.6 million, representing a growth of over 300% compared to the same period last year.

Our expectations for growth in signed contract value for 2023 range between 150-250%, reflecting our strong confidence in the market demand and our ability to capture a substantial market share. Our development initiatives will continue to focus on expanding our market presence, enhancing our AI capabilities, and delivering innovative solutions to our customers.

The company plans to continue its development of AI and Machine Learning capabilities to widening its product offering of AI led products.

Uncertainty relating to recognition and measurement

In the preparation of the company's annual report, in accordance with the provisions of the legislation, several accounting assessments and estimates have been made. Such estimates are based on management assessments and what is considered sound and realistic but are inherently subject to uncertainty.

Management's review

Subsequent events

The company has obtained a DKK 20 million subordinated debt from its current shareholders after the balance sheet date.

No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	2022 DKK	2021 DKK
Gross profit		5,791,181	14,068,191
Staff expenses	3	-25,653,615	-24,927,210
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-4,767,331	-4,453,857
Profit/loss before financial income and expenses		-24,629,765	-15,312,876
Financial income		5,481	0
Financial expenses	4	-2,859,723	-2,641,657
Profit/loss before tax		-27,484,007	-17,954,533
Tax on profit/loss for the year	5	1,478,922	2,564,914
Net profit/loss for the year		-26,005,085	-15,389,619

Distribution of profit

	2022 DKK	2021 DKK
Proposed distribution of profit		
Retained earnings	-26,005,085	-15,389,619
	-26,005,085	-15,389,619

Balance sheet 31 December

Assets

	Note	2022 DKK	2021 DKK
Completed development projects		44,958,034	42,804,208
Acquired patents		37,591	131,568
Prepayment		270,109	246,400
Intangible assets	6	45,265,734	43,182,176
Other fixtures and fittings, tools and equipment		308,639	413,448
Property, plant and equipment	7	308,639	413,448
Deposits	8	2,873,279	2,632,518
Fixed asset investments		2,873,279	2,632,518
Fixed assets		48,447,652	46,228,142
Trade receivables		5,958,002	4,191,869
Other receivables		0	1,606,728
Corporation tax		1,478,811	2,564,914
Prepayments		1,302,639	485,524
Receivables		8,739,452	8,849,035
Cash at bank and in hand		8,737,672	2,679,952
Current assets		17,477,124	11,528,987
Assets		65,924,776	57,757,129

Balance sheet 31 December

Liabilities and equity

	Note	2022 DKK	2021 DKK
Share capital	9	2,710,023	2,050,833
Share premium account		0	9,564,895
Reserve for development costs		35,067,266	35,998,454
Retained earnings		-23,916,054	-54,171,731
Equity		13,861,235	-6,557,549
Credit institutions		22,519,827	26,215,805
Other payables		1,735,402	1,715,180
Long-term debt	10	24,255,229	27,930,985
Credit institutions	10	90,111	360,435
Trade payables		4,254,311	3,818,720
Deposits		2,818,540	2,767,844
Other payables	10	2,774,971	9,605,344
Deferred income	11	17,870,379	19,831,350
Short-term debt		27,808,312	36,383,693
Debt		52,063,541	64,314,678
Liabilities and equity		65,924,776	57,757,129
Going concern	1		
Uncertainty relating to recognition and measurement	2		
Contingent assets, liabilities and other financial obligations	12		
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Statement of changes in equity

	Share capital	Share premium account	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	2,050,833	9,564,895	35,998,454	-42,027,195	5,586,987
Net effect of correction of material misstatements	0	0	0	-12,144,536	-12,144,536
Adjusted equity at 1 January	2,050,833	9,564,895	35,998,454	-54,171,731	-6,557,549
Cash capital increase	659,190	44,340,810	0	0	45,000,000
Other equity movements	0	0	-2,611,172	4,035,041	1,423,869
Development costs for the year	0	0	5,243,449	-5,243,449	0
Depreciation, amortisation and impairment for the year	0	0	-3,563,465	3,563,465	0
Net profit/loss for the year	0	0	0	-26,005,085	-26,005,085
Transfer from share premium account	0	-53,905,705	0	53,905,705	0
Equity at 31 December	2,710,023	0	35,067,266	-23,916,054	13,861,235

Notes to the Financial Statements

1. Going concern

As per 31 December 2022, the Company's equity amounts to DKK 13,861 thousands, and working capital is negative by DKK 10,331 thousands.

The Company has received DKK 20 million of subordinated debt from its current shareholders after the balance sheet date. The Company has invested significantly in scaling up its selling and marketing functions and expects to generate positive cash flow from operations at the back end of 2023. In addition to the DKK 20 million of funding it is Management's assessment that the existing shareholders will provide the Company with the necessary liquidity to continue its operations should short term liquidity needs arise. On this basis, Management presents the Financial Statement for 2022 on the going concern assumption.

2. Uncertainty relating to recognition and measurement

In general, management makes judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Management continuously reassesses these estimates and judgments based on several factors under the given circumstances.

The value of all capitalised research & development costs is amortised over their useful lives. Every year, the management evaluates an impairment assessment to make sure the total value of the capitalised projects is fair. The estimated value of intangible assets is based on management estimates and assumptions and by nature subject to uncertainty.

3. Staff Expenses

	2022	2021
	DKK	DKK
Wages and salaries	23,042,797	22,475,464
Pensions	1,336,373	1,246,153
Other social security expenses	319,772	286,038
Other staff expenses	954,673	919,555
	<u>25,653,615</u>	<u>24,927,210</u>
Average number of employees	<u>39</u>	<u>35</u>

Notes to the Financial Statements

	2022	2021
	DKK	DKK
4. Financial expenses		
Other financial expenses	2,577,565	2,587,952
Exchange loss	282,158	53,705
	<u>2,859,723</u>	<u>2,641,657</u>

	2022	2021
	DKK	DKK
5. Income tax expense		
Current tax for the year	-1,478,922	-2,564,914
	<u>-1,478,922</u>	<u>-2,564,914</u>

6. Intangible fixed assets

	Completed development projects	Acquired patents	Prepayment
	DKK	DKK	DKK
Cost at 1 January	55,947,984	648,861	246,400
Additions for the year	6,722,371	0	23,709
Cost at 31 December	<u>62,670,355</u>	<u>648,861</u>	<u>270,109</u>
Impairment losses and amortisation at 1 January	13,143,776	517,293	0
Amortisation for the year	4,568,545	93,977	0
Impairment losses and amortisation at 31 December	<u>17,712,321</u>	<u>611,270</u>	<u>0</u>
Carrying amount at 31 December	<u>44,958,034</u>	<u>37,591</u>	<u>270,109</u>

Completed development projects include continued development, testing and expansion of platforms to deliver Customer Empowered Business. Costs for the development of the platforms are depreciated over 10 years, as they are completed. Management has not found any indications of impairment in relation to the carrying amount, but refers to note 1 on uncertainty in recognition and measurement.

Notes to the Financial Statements

7. Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January	890,346
Cost at 31 December	890,346
Impairment losses and depreciation at 1 January	476,898
Depreciation for the year	104,809
Impairment losses and depreciation at 31 December	581,707
Carrying amount at 31 December	308,639

8. Other fixed asset investments

	Deposits
	DKK
Cost at 1 January	2,632,518
Additions for the year	240,761
Cost at 31 December	2,873,279
Carrying amount at 31 December	2,873,279

9. Share capital

The share capital consists of 54,200,468 shares of a nominal value of DKK 2,710,023. No shares carry any special rights.

The board of directors is authorized under the articles of association of the company to issue warrants and has introduced a warrant program for the executive management and a small number of individual contributors in the company. The warrant program has been unanimously approved by all shareholders and the board of directors has unanimously confirmed each warrant grant made under the warrant program. The total number of warrants under the program is 10,178,389 with a nominal value of 500,520 shares. The maturity period is 5 years and expires in 2028.

Notes to the Financial Statements

10. 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:

	<u>2022</u>	<u>2021</u>
	DKK	DKK
Credit institutions		
After 5 years	0	0
Between 1 and 5 years	<u>22,519,827</u>	<u>26,215,805</u>
Long-term part	<u>22,519,827</u>	<u>26,215,805</u>
Within 1 year	0	0
Other short-term debt to credit institutions	<u>90,111</u>	<u>360,435</u>
Short-term part	<u>90,111</u>	<u>360,435</u>
	<u>22,609,938</u>	<u>26,576,240</u>
Other payables		
After 5 years	0	0
Between 1 and 5 years	<u>1,735,402</u>	<u>1,715,180</u>
Long-term part	<u>1,735,402</u>	<u>1,715,180</u>
Within 1 year	0	0
Other short-term payables	<u>2,774,971</u>	<u>9,605,344</u>
	<u>4,510,373</u>	<u>11,320,524</u>

11. Deferred income

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

Notes to the Financial Statements

<u>2022</u>	<u>2021</u>
DKK	DKK

12. Contingent assets, liabilities and other financial obligations

Charges and security

Pledge and security

As security for all balances with credit institutions, the company has pledged a corporate mortgage of a nominal DKK 10,000 thousand. The corporate mortgage comprises the following assets, the carrying amount of which at the balance sheet date is:

Intangible fixed assets DKK 45,266k.

Other plant, equipment and fixtures and fittings DKK 309k.

Receivables from sales and services DKK 5,958K.

Contingent assets

The company has an unrecognized tax asset of DKK 9,781k as a result of the development of their tax loss carryforwards.

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	5,702,038	3,972,390
Between 1 and 5 years	<u>2,862,887</u>	<u>5,961,939</u>
	<u>8,564,925</u>	<u>9,934,329</u>

Notes to the Financial Statements

13. Accounting policies

The Annual Report of Usertribe A/S for 2022 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 2022 are presented in DKK.

Correction of material misstatements

In 2023 Management identified a significant technical mistake in calculation of deferred revenue as per 1 January 2019 prepared in connection with the change of accounting policies implemented in the Financial Statements 31 December 2020. The mistake relates to the fact that the deferred revenue was measured based on cost to complete the delivery and not as correctly revenue deferred.

The correction of the mistake resulted in an increase in deferred income of DKK 11.3 million, and a corresponding reduction of shareholders equity.

The result for 2021 has been overstated with DKK 835k, resulting in an adjustment of DKK 12.1 million of the shareholders equity as per 1 January 2022. Provision for deferred income has been increased with the same amount as per 31 December 2021.

In respect to the result for 2022 the revenue has been increased with DKK 6.5 million compared as a consequence of change in provision for deferred income.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

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

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

Notes to the Financial Statements

Income statement

Net sales

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.

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.

Direct expenses

Direct expenses primarily include operating expenses for the year.

Other external expenses

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

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets, direct expenses and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

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

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

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

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 10 year.

Other intangible fixed assets

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 6 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	5-6 years
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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.

Notes to the Financial Statements

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Other fixed asset investments

Other fixed asset investments consist of deposit.

Receivables

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

Prepayments

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

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.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

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.