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DANMAGI ApS

Skodsborg Strandvej 123, 1.
2942 Skodsborg
CVR No. 33885865

Annual report 2023

The Annual General Meeting adopted the annual report on 10.07.2024

Keld Friis
Chairman of the General Meeting

Contents

Entity details

Entity

DANMAGI ApS
Skodsborg Strandvej 123, 1.
2942 Skodsborg

Business Registration No.: 33885865
Registered office: Rudersdal
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Keld Friis
Daniel Gilpin Lister
Alex Rodenberg

Executive Board

Daniel Gilpin Lister

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Egtved Allé 4
6000 Kolding

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of DANMAGI ApS for the financial year 01.01.2023 - 31.12.2023.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Skodsborg, 09.07.2024

Executive Board

Daniel Gilpin Lister

Board of Directors

Keld Friis

Daniel Gilpin Lister

Alex Rodenberg

Independent auditor's report

To the shareholders of DANMAGI ApS

Opinion

We have audited the financial statements of DANMAGI ApS for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which states that it is a requirement for the entity's availability to remain a going concern that the primary loan, recognised as a part of other payables, shall only be repaid as it becomes possible to do so. The entity has received a letter from the lender stating that the loan should be repaid when there is free cash flow to do so in the next 12 months from the balance day.

In addition to this assumption, it is also significant that a material improvement in the general earnings in daily operations is realized. As stated in note 1, this indicates material uncertainties in the availability to remain a going concern. Our conclusion is not modified regarding these matters.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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 Entity'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 Entity'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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Kolding, 09.07.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Thomas Aamand Lund
State Authorised Public Accountant
Identification No (MNE) mne47764

Poul Skovgaard
State Authorised Public Accountant
Identification No (MNE) mne26777

Management commentary

Primary activities

DanMagi ApS is 100% owned by DanMagi Group ApS and owns 99% of Danmagi India Pvt. Ltd. DanMagi's primary purpose is to develop and sell DanMagi's cloud-based internet solutions, which offer reliable Wi-Fi to guests at hotels, restaurants, cafes, conference centers, and other relevant segments where guests require temporary internet access via Wi-Fi.

DanMagi has identified a gap in the market and provides the customer segments with a high-quality solution at competitive prices.

DanMagi's reception in the market as a leading provider of innovative guest internet services has been consistently positive. The Company has built a strong market platform, including partnerships with global customers. As a result, the Company is well-positioned for future development and a significant increase in activities going forward.

The Company has a global focus with its headquarters in Copenhagen, covering the EMEA region, including a branch in the UK. Additionally, the Company has a subsidiary in India covering the APAC region. DanMagi Group also has a Brazilian company for the CALA region.

Development in activities and finances

The Company's Income Statement of the financial year 1 January 2023 - 31 December 2023 shows a loss of DKK -15.364.644 and the Balance Sheet at 31 December 2023 a balance sheet total of DKK 5.991.972 and an equity of DKK -6.597.422.

The Company has in 2023 had a grant from Danmagi Group ApS, which together with the changes from a loan from EIFO (former Vækstfonden) to primarily a loan from Danmagi Group ApS to the lenders, has restored the equity in the Company, leaving Danmagi ApS in a much stronger financial market situation, prepared for the future expansion. For further information please see note 1.

Outlook

The Company will intensify the focus on the onboarding of customers as well as the up sales of the products and expanding into new verticals.

In 2023 the entire group of DanMagi companies, have begun a process to strengthen the organization, including sale, financials, procedures and the management team. This has given the companies a stronger position in the market, including frame agreements with two new hotel groups, bringing the companies in a position, where there are very positive expectations to the sale in 2024 and onwards.

These efforts are expected to strengthen the Company´s revenue and results in 2024 and forward, expecting in a positive result from the beginning of 2025.

Events after the balance sheet date

After the end of the financial year the Company has received further grants from Danmagi Group ApS, to keep the Company´s stronger financial position. For further information please see note 1.

Income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		**(4,693,238)**	**(148,789)**
Staff costs	3	(5,440,089)	(3,142,133)
Depreciation, amortisation and impairment losses		(2,905,532)	(1,288,394)
Operating profit/loss		**(13,038,859)**	**(4,579,316)**
Income from investments in group enterprises		(231,315)	0
Other financial income		3,568	3,291
Other financial expenses	4	(2,098,038)	(3,522,534)
Profit/loss before tax		**(15,364,644)**	**(8,098,559)**
Tax on profit/loss for the year	5	0	743,427
Profit/loss for the year		**(15,364,644)**	**(7,355,132)**
Proposed distribution of profit and loss			
Extraordinary distributions made in the financial year		0	2,154,841
Retained earnings		(15,364,644)	(9,509,973)
Proposed distribution of profit and loss		**(15,364,644)**	**(7,355,132)**

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Completed development projects	7	4,875,777	7,757,955
Intangible assets	6	**4,875,777**	**7,757,955**
Other fixtures and fittings, tools and equipment		0	23,354
Property, plant and equipment	8	**0**	**23,354**
Investments in group enterprises		1	231,316
Financial assets	9	**1**	**231,316**
Fixed assets		**4,875,778**	**8,012,625**
Trade receivables		256,433	1,036,567
Other receivables		619,781	587,416
Prepayments		22,261	13,960
Receivables		**898,475**	**1,637,943**
Cash		**217,719**	**289,087**
Current assets		**1,116,194**	**1,927,030**
Assets		**5,991,972**	**9,939,655**

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		1,200,000	1,200,000
Reserve for development expenditure		4,852,423	7,757,955
Retained earnings		(12,649,845)	(45,324,321)
Equity		**(6,597,422)**	**(36,366,366)**
Debt to other credit institutions		0	8,911,823
Payables to group enterprises		0	28,622,711
Payables to owners and management		0	1,120,097
Other payables		493,242	476,562
Non-current liabilities other than provisions	10	**493,242**	**39,131,193**
Current portion of non-current liabilities other than provisions	10	0	3,758,200
Prepayments received from customers		169,878	0
Trade payables		2,511,722	1,339,870
Payables to group enterprises		1,683,295	1,278,108
Other payables	11	7,535,038	672,217
Deferred income		196,219	126,433
Current liabilities other than provisions		**12,096,152**	**7,174,828**
Liabilities other than provisions		**12,589,394**	**46,306,021**
Equity and liabilities		**5,991,972**	**9,939,655**
Going concern	1		
Uncertainty relating to recognition and measurement	2		
Contingent liabilities	12		
Assets charged and collateral	13		

Statement of changes in equity for 2023

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1,200,000	7,757,955	(45,324,321)	(36,366,366)
Group contributions etc.	0	0	45,133,588	45,133,588
Dissolution of reserves	0	(2,905,532)	2,905,532	0
Profit/loss for the year	0	0	(15,364,644)	(15,364,644)
Equity end of year	**1,200,000**	**4,852,423**	**(12,649,845)**	**(6,597,422)**

Notes

1 Going concern

For the year 2023, the Entity has suffered a significant loss and has a material negative equity at 31.12.2023. After the balance sheet date, the Entity received a capital injection from the parent company of DKK 11.4 million. This amount has covered a loss in the first 6 months of 2024 in the range of DKK 4-5 million and the negative equity as of 31.12.2023. The Equity is therefore in the range of DKK 0-1 million as of 30.06.2024 and is therefore reestablished. The Parent company has financed this capital injection through a cash capital increase of DKK 14 million after the balance sheet date.

The Entity has one primary lender that has granted a loan of DKK 7 million as of 31.12.2023. The loan is classified as short-term as a part of other payables. The loan is set to be repaid as soon as possible, but the lender has sent a letter to the Entity stating that the loan should only be repaid in the next 12 months from the balance sheet date if there is free and sufficient cash flow to do so.

The lender, which also provides management services to the Entity, has, in addition to the above-mentioned waiver of installments, made a commitment to provide management services to the Entity for the coming 12 months from the signing date for the annual report and will only receive payment for those services every month when all other creditors and tax claims have been paid.

These commitments are made based on a strong belief from Management, Board of Directors, owners, and lenders that the Entity will have a significant improvement in the second half of 2024 and 2025 in general earnings. The Entity has prepared a budget for the rest of 2024 and 2025, which shows the following numbers:

- A loss before tax for the financial year 2024 in the range of DKK 10-12 million and a profit before tax for the financial year 2025 in the range off DKK 11-13 million.

- A positive bank balance in Group's bank accounts at approximately DKK 1,7 million at the time for signing the annual report and positive bank balance end of 2024 before installments of the loan at DKK 1,7 million and at end of 2025 more than DKK 10 million in postive cash balance after installments on the loans.

- An increase in revenue from DKK 4-5 million in 2023 to DKK 19-21 million in 2024 and DKK 55-60 million in 2025 based on significant wins of new luxury hotel chains in 2024 and 2025 hereof has already one win been realized at the time for signing the annual report.

Due to the nature of the business as a software service business, the increase in revenue will only result in limited increases in costs related to the services and similar, and therefore it will create a significant improvement to the performance of the Entity quickly.

Please note that the budget is made on a consolidated level for Danmagi Group ApS and therefore also includes the earnings from the subsidiaries in India and Brazil, as well as the profit and loss from the Danmagi Group ApS, but Danmagi ApS is the main Entity in the Group.

Based on the above-mentioned initiatives, the realization of the budgets, and the commitments made by the lender, the Entity's management considers that the Financial statements can be prepared with a going concern in mind but wants to highlight that there are material uncertainties related to the assumption.

2 Uncertainty relating to recognition and measurement

Development projects

The Entity has recognised significant assets related to development projects. For a more detailed description of the development projects, please refer to note 7. In general, the recognition and measurement of the development projects are based on several assumptions, the most material of which are that the entity is considered to be a going concern (please see note 1 for further description) and that the entity is able to realise more revenue in the future based on the projects developed in the past. If those assumptions fail, there could be a need for an impairment of the assets related to development projects.

Tax Credit Scheme (LL§8X)

The Entity has been selected for inspection by the Danish Tax Authorities with a primary focus on the Company's historical use of the rules of the Tax Credit Scheme (LL§8X). The Entity has received approximately DKK 3.4 million in the Tax Credit Scheme (LL§8X) for the years 2018 to 2022. The Danish Tax Agency has not yet reached a conclusion on whether the Company fulfills the conditions for using the Tax Credit Scheme for the income years 2018 to 2022. It is Management's assessment that all requirements for using the Tax Credit Scheme have been observed for the income years 2018 to 2022. On this basis, the Entity's Management has initiated a dialogue with the Danish Tax Agency, and Management expects that the Danish Tax Authorities will accept the use of the Tax Credit Scheme, but there are uncertainties related to this. Due to the fact that Management expects the authorities to accept the use of the scheme, no provision has been made for a potential requirement from the authorities regarding payback of the tax credit received. Please also see note 12 for further description.

3 Staff costs

	2023 DKK	2022 DKK
Wages and salaries	5,003,075	4,567,143
Pension costs	362,072	(1,489,358)
Other social security costs	74,942	64,348
	5,440,089	**3,142,133**

Average number of full-time employees	**9**	**8**

4 Other financial expenses

	2023 DKK	2022 DKK
Financial expenses from group enterprises	1,343,492	2,685,314
Other interest expenses	645,906	95,613
Exchange rate adjustments	55,953	9,264
Other financial expenses	52,687	732,343
	2,098,038	**3,522,534**

5 Tax on profit/loss for the year

	2023 DKK	2022 DKK
Refund in joint taxation arrangement	0	(743,427)
	0	**(743,427)**

6 Intangible assets

	Completed development projects DKK
Cost beginning of year	9,501,055
Cost end of year	**9,501,055**
Amortisation and impairment losses beginning of year	(1,743,100)
Amortisation for the year	(2,882,178)
Amortisation and impairment losses end of year	**(4,625,278)**
Carrying amount end of year	**4,875,777**

7 Development projects

Completed development projects is developed and finalised from 2019 until 2022. The projects focused on improving the guest/user experience as well as adding features relevant and valuable for the hotel administration, i.e. collecting and presenting data for analytic purposes.

The projects added value to the core software platform of Danmagi, which is the core driver of turnover and growth of DanMagi.

Development projects are initiated based on customer input and evaluation of market potential. Development projects are yearly reassessed. Please refer note 2.

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	1,499,526
Cost end of year	**1,499,526**
Depreciation and impairment losses beginning of year	(1,476,172)
Depreciation for the year	(23,354)
Depreciation and impairment losses end of year	**(1,499,526)**
Carrying amount end of year	**0**

9 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	3,541,998
Cost end of year	**3,541,998**
Revaluations beginning of year	(3,310,682)
Revaluations end of year	**(3,310,682)**
Share of profit/loss for the year	(231,315)
Impairment losses end of year	**(231,315)**
Carrying amount end of year	**1**

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Danmagi India Pvt. Ltd.	India	Ltd.	99.00

10 Non-current liabilities other than provisions

	Due within 12 months 2022 DKK	Due after more than 12 months 2023 DKK
Debt to other credit institutions	3,758,200	0
Other payables	0	493,242
	3,758,200	**493,242**

11 Other payables

	2023 DKK	2022 DKK
Wages and salaries, personal income taxes, social security costs, etc. payable	628,816	196,866
Other costs payable	6,906,222	475,351
	7,535,038	**672,217**

12 Contingent liabilities

The Entity has been selected for inspection by the Danish Tax Authorities related to the use of the Tax Credit Scheme (LL§8X) in the past. In total, the Entity has received DKK 3.4 million in the Tax Credit Scheme. The Entity has not received a conclusion on the inspection for signing the annual report, but there is a chance that the Tax Authorities will claim the DKK 3.4 million back, plus interest, depending on the outcome of the case. Management expects that the Tax Authorities will accept the use of the Tax Credit Scheme, and therefore no provision has been made to cover a potential repayment. Please also see note 2 for further description.

The Entity participates in a Danish joint taxation arrangement where Danmagi Group ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

13 Assets charged and collateral

As security for the company's debt to lenders recognized as a part of other payables, a business lien has been provided on T.kr. 8,600 in receivables from sales and services, as well as intangible and tangible fixed assets, with a booked value of DKK 5.992 thousand as of December 31, 2023**.**

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds.

Cost of sales
Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

Other external expenses
Other external expenses include expenses relating to the Entity's normal activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs
Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income
Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Development projects
Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. The amortisation periods used are 5 years.

Development projects are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and

doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.