



## NEURONS INC. ApS

Høje Taastrup Boulevard 33, 2.  
2630 Taastrup  
CVR No. 35205667

## Annual report 2023

The Annual General Meeting adopted the annual report on 27.06.2024

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**Jens Karstoft**

Chairman of the General Meeting

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# Entity details

## Entity

NEURONS INC. ApS

Høje Taastrup Boulevard 33, 2.

2630 Taastrup

Business Registration No.: 35205667

Registered office: Høje-taastrup

Financial year: 01.01.2023 - 31.12.2023

## Board of Directors

Mike Zoëga Storm

Jens Karstoft

Joachim Snebang Vanggaard Jensen

Jacob Arup Bratting Pedersen

Filip Tobias Petersson

Helle Thorning-Schmidt

Kyle Douglas Nel

## Executive Board

Thomas Ramsøy

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of NEURONS INC. 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.

Taastrup, 27.06.2024

## Executive Board

**Thomas Ramsøy**

## Board of Directors

**Mike Zoëga Storm**

**Jens Karstoft**

**Joachim Snebang Vanggaard Jensen**

**Jacob Arup Bratting Pedersen**

**Filip Tobias Petersson**

**Helle Thorning-Schmidt**

**Kyle Douglas Nel**

# Independent auditor's report

## To the shareholders of NEURONS INC. ApS

### Opinion

We have audited the financial statements of NEURONS INC. 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.

### 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.

Copenhagen, 27.06.2024

**Deloitte**

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

**Rasmus Volert Madsen**

State Authorised Public Accountant

Identification No (MNE) mne45822

# Management commentary

## Primary activities

As in previous years, the company's activity consists primarily of carrying out scientific research and technical services and software publishing.

## Development in activities and finances

Neurons has undertaken a transformative endeavor to facilitate the expansion of its initial iteration of the Neurons Software-as-a-Service (SaaS) product. This SaaS offering leverages Neurons' proprietary database of implicit consumer responses (eye-tracking, EEG, implicit responses, behaviors), enabling swift and accurate result predictions within a matter of seconds, boasting an impressive 95% accuracy rate. Designed with a global focus, the product caters to various industries such as marketing, sales, product development, and website development. By leveraging this product, organizations can effortlessly acquire data that would typically involve significant expenses and time investment, all within a matter of seconds.

In 2023, Neurons embarked on a strategic journey marked by significant advancements in team scalability, and intensified investment in our go-to-market (GTM) strategies, despite facing the challenges of macroeconomic uncertainty. This period necessitated a thorough correction and reorganization within our company, leading to a remarkable rebound in our operations. Our strong focus on improving sales efficiency and product quality, coupled with the introduction of a co-pilot approach in our GTM initiatives and a dedicated search for our Ideal Customer Profile (ICP), has laid a strong foundation for sustainable growth. Despite these tumultuous times, our strategic decisions to secure additional funding and to narrow our focus have been instrumental in reinforcing Neurons' dominance in the AI-driven consumer prediction SaaS market is pivotal, as it enables us to continuously innovate and deliver superior products tailored to the dynamic requirements of our extensive customer base across multiple industries.

## Outlook

To facilitate the required stability and pace of growth, it is anticipated that a deficit will also be incurred in the upcoming fiscal year. However, we have already secured investments from existing investors and debt financing, providing a fresh runway of 1.5-2 years to drive our objectives.

This additional financial support together with a strong team across the board, grants us the necessary stability and flexibility to cautiously steer through any potential adverse economic conditions while remaining committed to our objectives.

## Events after the balance sheet date

Neurons has successfully secured tDKK 14,900 in additional funding from current investors on 20th March 2024 and secured tDKK 5,000 from external financing partners.



# Income statement for 2023

	Notes	2023 DKK	2022 DKK
<b>Gross profit/loss</b>		<b>18,608,774</b>	<b>9,797,211</b>
Staff costs	3	(44,706,365)	(34,520,438)
Depreciation, amortisation and impairment losses		(4,195,541)	(2,298,487)
<b>Operating profit/loss</b>		<b>(30,293,132)</b>	<b>(27,021,714)</b>
Other financial income		70,948	117,201
Other financial expenses		(2,687,443)	(849,153)
<b>Profit/loss before tax</b>		<b>(32,909,627)</b>	<b>(27,753,666)</b>
Tax on profit/loss for the year		2,332,334	2,044,763
<b>Profit/loss for the year</b>		<b>(30,577,293)</b>	<b>(25,708,903)</b>
<b>Proposed distribution of profit and loss</b>			
Retained earnings		(30,577,293)	(25,708,903)
<b>Proposed distribution of profit and loss</b>		<b>(30,577,293)</b>	<b>(25,708,903)</b>

# Balance sheet at 31.12.2023

## Assets

	Notes	2023 DKK	2022 DKK
Completed development projects	5	19,253,893	13,138,333
Acquired intangible assets		744,885	1,489,771
Development projects in progress	5	2,416,629	1,142,246
<b>Intangible assets</b>	4	<b>22,415,407</b>	<b>15,770,350</b>
Other fixtures and fittings, tools and equipment		462,027	677,872
Leasehold improvements		117,922	141,156
<b>Property, plant and equipment</b>	6	<b>579,949</b>	<b>819,028</b>
Investments in group enterprises		161,720	161,720
Deposits		653,532	613,145
<b>Financial assets</b>	7	<b>815,252</b>	<b>774,865</b>
<b>Fixed assets</b>		<b>23,810,608</b>	<b>17,364,243</b>
Trade receivables		7,110,273	5,538,168
Other receivables		368,445	738,281
Income tax receivable	8	2,332,334	0
Joint taxation contribution receivable		0	2,053,626
Prepayments		677,116	700,448
<b>Receivables</b>		<b>10,488,168</b>	<b>9,030,523</b>
<b>Cash</b>		<b>738,081</b>	<b>12,698,190</b>
<b>Current assets</b>		<b>11,226,249</b>	<b>21,728,713</b>
<b>Assets</b>		<b>35,036,857</b>	<b>39,092,956</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2023 DKK</b>	<b>2022 DKK</b>
Contributed capital		166,351	166,351
Reserve for development expenditure		16,903,007	11,409,921
Retained earnings		(29,860,168)	6,210,211
<b>Equity</b>		<b>(12,790,810)</b>	<b>17,786,483</b>
Payables to owners and management		14,643,821	7,612,472
Deferred income		511,580	223,756
<b>Non-current liabilities other than provisions</b>	<b>9</b>	<b>15,155,401</b>	<b>7,836,228</b>
Current portion of non-current liabilities other than provisions	9	4,078,486	0
Bank loans		7,407,129	0
Trade payables		1,306,809	1,606,768
Payables to group enterprises		14,167	55,997
Payables to owners and management		37,174	37,174
Other payables		4,351,973	1,761,137
Deferred income	10	15,476,528	10,009,169
<b>Current liabilities other than provisions</b>		<b>32,672,266</b>	<b>13,470,245</b>
<b>Liabilities other than provisions</b>		<b>47,827,667</b>	<b>21,306,473</b>
<b>Equity and liabilities</b>		<b>35,036,857</b>	<b>39,092,956</b>
Going concern	1		
Events after the balance sheet date	2		
Unrecognised rental and lease commitments	11		
Assets charged and collateral	12		

# Statement of changes in equity for 2023

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	166,351	11,409,921	6,210,211	17,786,483
Transfer to reserves	0	5,493,086	(5,493,086)	0
Profit/loss for the year	0	0	(30,577,293)	(30,577,293)
<b>Equity end of year</b>	<b>166,351</b>	<b>16,903,007</b>	<b>(29,860,168)</b>	<b>(12,790,810)</b>

# Notes

## 1 Going concern

The company's future plans and funding requirements have been a primary focus for board discussions. Given our growth trajectory and the funding arrangements secured with current investors and debt providers, both management and the board are confident in the company's ability to continue operating as a going concern. Reference is made to note 2 in regards to the secured funding arrangements.

With our strategic plans for sustainable growth and a positive cash flow outlook starting from Q1 2025, we believe Neurons can maintain its operations as a going concern.

## 2 Events after the balance sheet date

Neurons has successfully secured tDKK 14,900 in additional funding from current investors on 20th March 2024 and secured tDKK 5,000 from external financing partners.

## 3 Staff costs

	2023 DKK	2022 DKK
Wages and salaries	43,113,849	32,746,795
Pension costs	1,335,960	1,565,653
Other social security costs	256,556	207,990
	<b>44,706,365</b>	<b>34,520,438</b>
Average number of full-time employees	<b>75</b>	<b>61</b>

## 4 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Development projects in progress DKK
Cost beginning of year	14,391,125	2,234,657	1,142,246
Transfers	1,142,246	0	(1,142,246)
Additions	8,184,890	0	2,416,629
<b>Cost end of year</b>	<b>23,718,261</b>	<b>2,234,657</b>	<b>2,416,629</b>
Amortisation and impairment losses beginning of year	(1,252,792)	(744,886)	0
Amortisation for the year	(3,211,576)	(744,886)	0
<b>Amortisation and impairment losses end of year</b>	<b>(4,464,368)</b>	<b>(1,489,772)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>19,253,893</b>	<b>744,885</b>	<b>2,416,629</b>

## 5 Development projects

Neurons stands at the forefront as a pioneer in the neuroscience AI industry, with our sophisticated suite of SaaS products that revolutionize predictive analytics. While our foundation is enriched with neuroscience insights, our core identity is rooted in our cutting-edge AI capabilities. We leverage a diverse array of data, including behavioral patterns and implicit user interactions, to forecast consumer attentional, emotional, and cognitive responses with remarkable accuracy. Our expansive proprietary dataset is unmatched globally, giving us a competitive edge and augmenting the value we deliver through our AI solutions. With our bespoke, domain-specific AI models, we condense what traditionally took months of research into mere seconds of precise prediction. These agile insights empower businesses to preemptively tailor and optimize their strategies to resonate with consumer decision-making processes, ensuring efficacy before market deployment.

Research and development is an integral part of our work and in 2023 we have focused on research into EEG predictions based on audiovisual and audio only stimuli. Predicting EEG metrics by using video input has never been done before and is a true innovation in the industry. Our two R&D projects related to EEG predictions are complemented by two projects which bring a completely new design and system to our offering to enable the addition of an innovative Copilot which enables our users to receive bespoke insights and recommendations based on the Predict metrics. Besides our AI product, we have engaged in R&D to develop a new content management system enabling our research team to carry out research studies on a number of external platforms. Furthermore, we have continued the improvements of our underlying engine and methods as well as developed APIs and on-premise solutions for our largest clients that will further develop our ability to expand into the Enterprise sector.

## 6 Property, plant and equipment

	<b>Other fixtures and fittings, tools and equipment DKK</b>	<b>Leasehold improvements DKK</b>
Cost beginning of year	1,687,572	152,124
Disposals	(709,471)	0
<b>Cost end of year</b>	<b>978,101</b>	<b>152,124</b>
Depreciation and impairment losses beginning of year	(1,009,700)	(10,968)
Depreciation for the year	(215,845)	(23,234)
Reversal regarding disposals	709,471	0
<b>Depreciation and impairment losses end of year</b>	<b>(516,074)</b>	<b>(34,202)</b>
<b>Carrying amount end of year</b>	<b>462,027</b>	<b>117,922</b>

## 7 Financial assets

	<b>Investments in group enterprises DKK</b>	<b>Deposits DKK</b>
Cost beginning of year	161,720	613,145
Additions	0	40,387
<b>Cost end of year</b>	<b>161,720</b>	<b>653,532</b>
<b>Carrying amount end of year</b>	<b>161,720</b>	<b>653,532</b>

<b>Investments in subsidiaries</b>	<b>Registered in</b>	<b>Corporate form</b>	<b>Equity interest %</b>
Neurons North America LLC	USA	LLC	100.00

## 8 Tax receivable

The outstanding corporate tax receivable included in the balance sheet relates to the use of the tax credit scheme under section 8X of the Danish Tax Assessment Act, whereby the company receives payment for the tax value of losses resulting from research and development expenses. Based on the review of the criteria for using the scheme, it is management's clear understanding that the company is eligible to use the scheme, and the recognition has been made based on this assessment. There is a risk that the Danish Tax Authority may determine that the conditions for using the scheme have not been met. If so, subsequent financial years will be negatively affected by the reduction of the outstanding corporate tax receivable through "Tax for the year" in the consolidated statement of profit or loss and other comprehensive income.

## 9 Non-current liabilities other than provisions

	<b>Due within 12 months 2023 DKK</b>	<b>Due after more than 12 months 2023 DKK</b>
Payables to owners and management	3,940,655	14,643,821
Deferred income	137,831	511,580
	<b>4,078,486</b>	<b>15,155,401</b>

Payables to owners and management consists of debt to EIFO.  
Outstanding debt after 5 years amounts to 0 DKK

## 10 Deferred income

Deferred income comprises income received for recognition in subsequent financial years.

## 11 Unrecognised rental and lease commitments

	<b>2023 DKK</b>	<b>2022 DKK</b>
Liabilities under rental or lease agreements until maturity in total	4,268,271	4,398,000

**12 Assets charged and collateral**

Security for balances with the company's banking institution Danske Bank has been provided business mortgage to nom. tDKK 10,500 in simple receivables.

The carrying amount of business mortgage is tDKK 7,110.

Bank loans to EIFO are secured by way of a deposited mortgage deed registered to the mortgagor on company charge of tDKK 5,000 nominal.

The carrying amount of mortgage company charge is tDKK 29,987.



# 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 with minor reclassifications.

## 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.

## Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Plant and equipment, intangible assets and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

## **Income statement**

### **Gross profit or loss**

Gross profit or loss comprises revenue, own work capitalised, cost of sales and other operating income and external expenses.

### **Revenue**

Revenue from the sale of consultancy services 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.

### **Own work capitalised**

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

### **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.

### **Other external expenses**

Other external expenses include expenses relating to the Entity's ordinary 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, and gains and losses from the sale of intangible assets and property, plant and equipment.

### **Other financial income**

Other financial income comprises 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

### Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights.

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. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5-7 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

### Property, plant and equipment

Other fixtures and fittings, leasehold improvements and 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. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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:

	<b>Useful life</b>
Other fixtures and fittings, tools and equipment	3-5 år
Leasehold improvements	5-10 år

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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.

### **Tax payable or receivable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

### **Joint taxation contributions receivable or payable**

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

### **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.

**Deferred income**

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