BUUS JENSEN
STATSAUTORISEREDE REVISORER

Brain+ ApS

c/o Univate, Njalsgade 76, 3., 2300 København S

Company reg. no. 36 43 94 40

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 14 September 2020.

Kim Baden-Kristensen
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Contents

Management's report

Today, the board of directors and the managing director have presented the annual report of Brain+ ApS for the financial year 1 January - 31 December 2019.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company’s assets, equity and liabilities, and financial position at 31 December 2019 and of the company’s results of activities in the financial year 1 January – 31 December 2019.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

København S, 14 September 2020

Managing Director

Kim Baden-Kristensen

Board of directors

Ulrik Ditlev Seemann Eriksen	Jonas Nilsen	Kim Arvid Nielsen

Independent auditor's report

To the shareholders of Brain+ ApS

Opinion

We have audited the financial statements of Brain+ ApS for the financial year 1 January - 31 December 2019, which comprise accounting policies, income statement, statement of financial position and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2019 and of the results of the company's activities for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section “Auditor’s responsibilities for the audit of the financial statements”. We are independent of the company in accordance with international ethical requirements for auditors (IESBA’s Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

The company has capitalized 17.266.180 DKK as development projects. Valuation of development projects is subject to uncertainty. We refer to note 1 to the financial statements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 unless management either intends to liquidate the company 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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 international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the 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 express no assurance opinion thereon.

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 14 September 2020

BUUS JENSEN
State Authorised Public Accountants
Company reg. no. 16 11 90 40

Henrik Paaske State Authorised Public Accountant mne10067	Lotte Nørskov State Authorised Public Accountant mne32825

Company information

The company	Brain+ ApS c/o Univate Njalsgade 76, 3. 2300 København S	
	Company reg. no.	36 43 94 40
	Established:	17 April 2012
	Domicile:	Copenhagen
	Financial year:	1 January - 31 December
Board of directors	Ulrik Ditlev Seemann Eriksen Jonas Nilsen Kim Arvid Nielsen	
Managing Director	Kim Baden-Kristensen	
Auditors	BUUS JENSEN, Statsautoriserede revisorer	
Parent company	Brain+ Holding ApS	

Management commentary

The principal activities of the company

Like previous years, the principal activities are software development.

Uncertainties about recognition or measurement

Management's assessment of uncertainty in recognition and measurement is as follows:

Due to the ambitious and innovative nature of the Brain + project, the management acknowledges a number of possible sources uncertainties and risks, which are closely monitored and have individual measures to mitigate the risk.

The most significant risks are:

RISK – COMMERCIAL/FUNDING:
That product development, market introduction and building revenue takes longer than planned.

Mitigation for revenue: A) The company has, assuming zero sales, a minimum liquidity until Q1 2021, i.e. a 6-month safety margin. B) The company is raising a bridge funding round of 15 million DKK with investors, that aims to conclude in Q4 2020, the two lead investors have already committed to this round. C) The company has applied for an additional €13 million worth of grant funding, that will be confirmed within 2020. D) The Danish sales pipeline is growing (despite COVID) and the first sales are expected to land in Q4 2020.

Mitigation for development: The company has implemented Agile development and quality / project management systems (62304 (Software life cycle) (Status - 1st implementation completed) 62366, (Usability) (Status - 1st implementation completed) 14971 (Risk analysis) (Status - 1st implementation done)).

RISK - CLINICAL / EVIDENCE
That the clinical trials do not give the hoped-for results. Clinical trials are delayed.

Mitigation: This is a risk inherent to any innovative scientific project, and more independent studies will be necessary; however good early indications are already coming in from the Oxford study. The other simple mitigation is that Brain+ has a broad clinical development program, with 8 solid studies, all executed by reputable research institutions and principal investigators. This means that Brain+ can afford if some of the trials fail (which is to be expected when considering the usual success rate in life sciences), as long as one or several in the program succeed.

Management commentary

Development in activities and financial matters
Brain+ revised and updated its vision to focus clearly and exclusively on health care:

We want to restore patients' independence and quality of life by treating and preventing brain disorders.

2019 was a year of extensive research & development on two large open-innovation projects, and of finding product-market fit in the first entry health care segment, namely cognitive neurorehabilitation after stroke and trauma, with a handful of paying pilot customers on the Danish market.

2019 had four main focus areas:

1. Support ongoing clinical trials done in extension of the 'Healthy Brain' project,
2. Develop the new 'Alzheimer's Disease Detect & Prevent' product in a large Horizon2020 Fast-Track to Innovation, of the same name.
3. Develop a new Alzheimer's disease risk evaluation tool and a lifestyle habit shaping tool targeting lifestyle risk factors for the disease, in a large Eurostars-Eureaka project, called 'AD Shield'.
4. Work with paid pilot customers to find product-market fit in the market / health care pathway for cognitive neurorehabilitation after stroke and trauma

A small, but high potential project, focusing of creating a digital therapeutics version of Cognitive Stimulation Therapy for Alzheimer's disease also kicked off.

2019 was in short, a maturing of the Brain+ platform, and development of new high potential products that will be offered on the platform, while adapting the Brain+ Recover version for cognitive neurorehabilitation and building the foundation for scaling sales.

A short summary of the large innovation projects can be found below.

The Brain+ team was strengthened with experts within pharma, medical devices, digital therapeutics, neuroscience and commercialization for digital health care; incl. a new Director of Research & Innovation, Simon Nielsen, biomedical engineer & scientist, former
senior scientist & team manager at Coloplast, responsible for pre-clinical R&D and medical affairs. Postdoc, Cognitive Neuroscience, University of Copenhagen (UCPH), PhD. Psychophysics Denmarks Technical University (DTU); a new Chief Commercial Officer, Elizabeth Wolff, 20 years of experience in Pharma leadership, commercial excellence and digital therapeutics (LEO Pharma, Novo Nordisk, Sandoz). M.Sc. in Public Health, MA Political Economy; and a new Business Development Manager, Brian Østergaard, entrepreneur within public health care and digital health with successful exit of his company in ADHD, 25 years of experience in selling into public and private health care sectors. '

Brian+ continued to build its reputation as one of the leading European digital therapeutics (DTx) start-ups and was for example hosting the first day of the most important DTx conference, Digital Therapeutics Berlin in December 2019.

Innovation projects & clinical trial programs

The Healthy Brain Project
(Jan2017-Sep2019).

'Healthy Brain' - treatment of cognitive impairments with advanced Brain+ brain training technology

Developed the Brain+ RECOVER app and clinical platform for helping people with cognitive impairments retrain and recover these abilities, with specific focus on acquired brain injury, Parkinson's disease and depression.

The project was a collaboration between the Danish digital therapeutics company, Brain+; The University of Copenhagen, Unit of Cognitive Neuroscience; The Centre for Neuropsychiatric Research (Glostrup/Rigshospitalet); The Center for Brain Injury Copenhagen and Bispebjerg Hospital.

The product R&D project are successfully completed and Brain+ began onboarding the first healthcare customers in 2019 for use in neurorehabilitation, both in the Danish public and private health care sector, including a collaboration with Danish insurance payers.

There are 3 clinical trials ongoing:

- Feasibility trial in Parkinson’s disease (results pending ultimo2020/primo2021)
- Efficacy trial in Acquired Brain Injury (results pending ultimo2020/primo2021)
- Efficacy trial in Depression (results pending 2021/22)

Funding: Innovation Fund Denmark, €2.5 million.

PROJECT: Alzheimer’s Detect & Prevent (ADDP)
(Nov18-Nov20)

The main objective is to engage people early before AD manifests to prevent the disease. It focuses on enabling early presymptomatic detection of Alzheimer's Disease (AD) with a special memory test developed by the University of Oxford, which was further co-developed and gamified with Brain+. It is now being validated in studies at Oxford University and Aarhus University. A second work stream aims to reduce risk of AD in healthy elderlies, who are at risk of AD, via general cognitive training. This is being validated in studies with the University of Nottingham.

Partners: Oxford University, Nottingham University, Aarhus University, Aarhus University Hospital, Alzheimer Europe, European Brain Council.

There are 3 clinical trials ongoing:

- AD early detection test, in AD and AD at-risk (results pending ultimo2020)
- AD early detection test, in prodromal AD (results pending 2021)
- AD risk reduction via cognitive training in AD at-risk (results pending 2021)

Funding: Horizon2020 Fast-Track-to-Innovation, €3.5 million.

PROJECT: AD (Alzheimer's) Shield
(Apr19-Apr21)

Partners: Research Institutes of Sweden (RISE), Sentian.ai, Aarhus University, Aarhus University Hospital.

The purpose is to digitalise a risk evaluation tool to assesses risk of AD, and systematically work with decreasing their risk of getting AD. The project results in a digital product, which initially evaluates risk for a range of modifiable lifestyle and health parameters, and then tailors a personalised program for changing key lifestyle habits related to AD risk.

There are 2 trials ongoing:

- AD risk evaluation tool, in prodromal AD, Aarhus University (results pending 2021)
- AD habit change intervention, in at-risk, RISE (results pending ultimo2021)

Innovation Fund DK Vinnova, Eurostars. €1.5 million.

PROJECT: MTIC Circular - CST (Cognitive Stimulation Therapy)
(Jun18-Dec20)

The project is aims to provide a digital version of the validated analogue group-dialogue based AD therapy ‘Cognitive Stimulation Therapy’.

Partners: VIA University College, Syddjurs Kommune, Medtech Innovation Consortium.

There are 1 clinical trials ongoing:

- Feasibility study in mild dementia patients, by VIA University College (results pending ultimo 2020)

All partners contribute in-kind.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2019	2018
	Gross profit	**5.736.776**	**6.021.457**
2	Staff costs	-5.685.021	-6.108.527
	Depreciation, amortisation, and impairment	-1.232.786	-413.656
	Operating profit	**-1.181.031**	**-500.726**
	Other financial income	31	97
3	Other financial costs	-293.499	-103.111
	Pre-tax net profit or loss	**-1.474.499**	**-603.740**
	Tax on net profit or loss for the year	322.698	141.553
	Net profit or loss for the year	**-1.151.801**	**-462.187**
	Proposed appropriation of net profit:		
	Transferred to other reserves	572.944	-163.167
	Allocated from retained earnings	-1.724.745	-299.020
	Total allocations and transfers	**-1.151.801**	**-462.187**

Statement of financial position at 31 December

All amounts in DKK.

Note	Assets	2019	2018
	Non-current assets		
4	Completed development projects, including patents and similar rights arising from development projects	8.265.325	306.261
5	Development projects in progress and prepayments for intangible assets	9.000.855	19.460.006
	Total intangible assets	17.266.180	19.766.267
6	Other fixtures and fittings, tools and equipment	22.473	6.218
	Total property, plant, and equipment	22.473	6.218
	Total non-current assets	**17.288.653**	**19.772.485**
	Current assets		
	Trade receivables	21.922	35.679
	Receivables from group enterprises	71.485	54.680
	Tax receivables from group enterprises	432.812	0
	Other receivables	224.784	97.083
	Prepayments and accrued income	15.481	13.929
	Total receivables	766.484	201.371
	Cash on hand and demand deposits	632.531	2.795.065
	Total current assets	**1.399.015**	**2.996.436**
	Total assets	**18.687.668**	**22.768.921**

Statement of financial position at 31 December

All amounts in DKK.

Note	Equity and liabilities	2019	2018
	Equity		
7	Contributed capital	95.830	95.830
8	Reserve for development costs	2.317.711	1.744.767
9	Other statutory reserves	13.965	13.965
10	Retained earnings	2.655.859	4.380.604
	Total equity	**5.083.365**	**6.235.166**
	Provisions		
	Provisions for deferred tax	1.782.212	1.672.098
	Total provisions	**1.782.212**	**1.672.098**
	Liabilities other than provisions		
	Convertible and profit sharing debt instruments	329.750	299.773
	Other payables	1.359.969	997.669
	Total long term liabilities other than provisions	1.689.719	1.297.442
	Trade payables	390.400	99.439
	Payables to associates	252.695	245.335
	Other payables	1.157.285	1.644.663
11	Accruals and deferred income	8.331.992	11.574.778
	Total short term liabilities other than provisions	10.132.372	13.564.215
	Total liabilities other than provisions	**11.822.091**	**14.861.657**
	Total equity and liabilities	**18.687.668**	**22.768.921**

1 Uncertainties concerning recognition and measurement

12 Charges and security

13 Contingencies

Notes

All amounts in DKK.

	2019	2018

1. Uncertainties concerning recognition and measurement

The company has capitalized 17.266.180 DKK as development projects.

The measurement of the development projects is subject to uncertainty

Management's assessment of uncertainty in recognition and measurement is as follows:

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Notes

All amounts in DKK.

		2019	2018
2.	**Staff costs**		
	Salaries and wages	5.574.046	5.998.927
	Other costs for social security	110.975	109.600
		5.685.021	**6.108.527**
	Average number of employees	14	15
3.	**Other financial costs**		
	Financial costs, group enterprises	5.496	3.159
	Other financial costs	288.003	99.952
		293.499	**103.111**
4.	**Completed development projects, including patents and similar rights arising from development projects**		
	Cost 1 January 2019	2.041.740	2.041.740
	Additions during the year	9.183.694	0
	Cost 31 December 2019	**11.225.434**	**2.041.740**
	Amortisation and writedown 1 January 2019	-1.735.479	-1.327.131
	Amortisation for the year	-1.224.630	-408.348
	Amortisation and writedown 31 December 2019	**-2.960.109**	**-1.735.479**
	Carrying amount, 31 December 2019	**8.265.325**	**306.261**
5.	**Development projects in progress and prepayments for intangible assets**		
	Cost 1 January 2019	19.460.006	13.233.557
	Additions during the year	7.111.143	6.226.449
	Disposals during the year	-17.570.294	0
	Cost 31 December 2019	**9.000.855**	**19.460.006**
	Carrying amount, 31 December 2019	**9.000.855**	**19.460.006**

All amounts in DKK.

		31/12 2019	31/12 2018
6.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 January 2019	26.541	26.541
	Additions during the year	24.411	0
	Cost 31 December 2019	**50.952**	**26.541**
	Depreciation and writedown 1 January 2019	-20.323	-15.015
	Depreciation for the year	-8.156	-5.308
	Depreciation and writedown 31 December 2019	**-28.479**	**-20.323**
	Carrying amount, 31 December 2019	**22.473**	**6.218**

7.	**Contributed capital**		
	Contributed capital 1 January 2019	95.830	95.830
		95.830	**95.830**

The share capital consists of 82.909 A shares and 12.921 B shares, each with a nominal value of DKK 1.

Warrant programme

The company has established a warrant programme of maximum 20.344 DKK nominal value shares.

8.	**Reserve for development costs**		
	Reserve for development costs 1 January 2019	1.744.767	1.907.934
	Transferred from results brought forward	572.944	-163.167
		2.317.711	**1.744.767**

9.	**Other statutory reserves**		
	Other statutory reserves 1 January 2019	13.965	13.965
		13.965	**13.965**

Notes

All amounts in DKK.

		31/12 2019	31/12 2018
10.	**Retained earnings**		
	Retained earnings 1 January 2019	4.380.604	4.679.624
	Profit or loss for the year brought forward	-1.724.745	-299.020
		2.655.859	**4.380.604**
11.	**Accruals and deferred income**		
	Received funding development projects	8.331.992	11.574.778
		8.331.992	**11.574.778**

12. Charges and security

For part of other payables, the company has provided security in company assets representing a nominal value of DKK 250.000. This security comprises intangible asstes.

DKK in thousands

13. Contingencies

Contingent liabilities

	DKK in thousands
Total contingent liabilities	113

Joint taxation

With Brain+ Holding ApS, company reg. no 34478201 as administration company, the company is subject to the Danish scheme of joint taxation and is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligations to withhold tax on interest, royalties, and dividends of the jointly taxed companies.

The liabilities amount to a maximum amount corresponding to the share of the company capital, which is owned directly or indirectly by the ultimate parent company.

All amounts in DKK.

13. Contingencies (continued)

Joint taxation (continued)

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

Accounting policies

The annual report for Brain+ ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation, amortisation, and writedown for the year and profit and loss on the disposal of intangible and tangible assets.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the income statement with the amounts concerning the financial year.

Interest and other costs concerning loans to finance the production of intangible assets and property, plant, and equipment, and relating to production periods are not recognised in the cost of non-current assets.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs comprise e.g. salaries, wages, and amortisations directly attributable to development activities.

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and writedowns for impairment.

After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is usually 10 years.

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement under amortisation and writedown for impairment.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately when the useful lives of each individual components differ.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

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

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement under depreciation.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible assets as well as equity investments in subsidiaries and associates are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation, respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow derived from the use of the asset or group of assets.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities. The reserve cannot be used as dividends or for covering losses. The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years’ taxable income and prepaid taxes. Tax receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Brain+ ApS is proportionally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities other than provisions

Other liabilities other than provisions are measured at amortised cost which usually corresponds to the nominal value.

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.