2022 ANNUAL REPORT

EMENTO A/S
Olof Palmes Allé 44, 8200 Aarhus N
CVR NO. 37 32 17 45

This annual report has been adopted at the annual general meeting on 24.05.2023

Allan Juhl
Chairman of the meeting

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COMPANY INFORMATION ETC.

THE COMPANY

Emento A/S
Olof Palmes Allé 44
8200 Aarhus N

CVR no.: 37 32 17 45
Financial year: 01.01 - 31.12

EXECUTIVE BOARD

Allan Juhl
Klaus Veng Kristensen

BOARD OF DIRECTORS

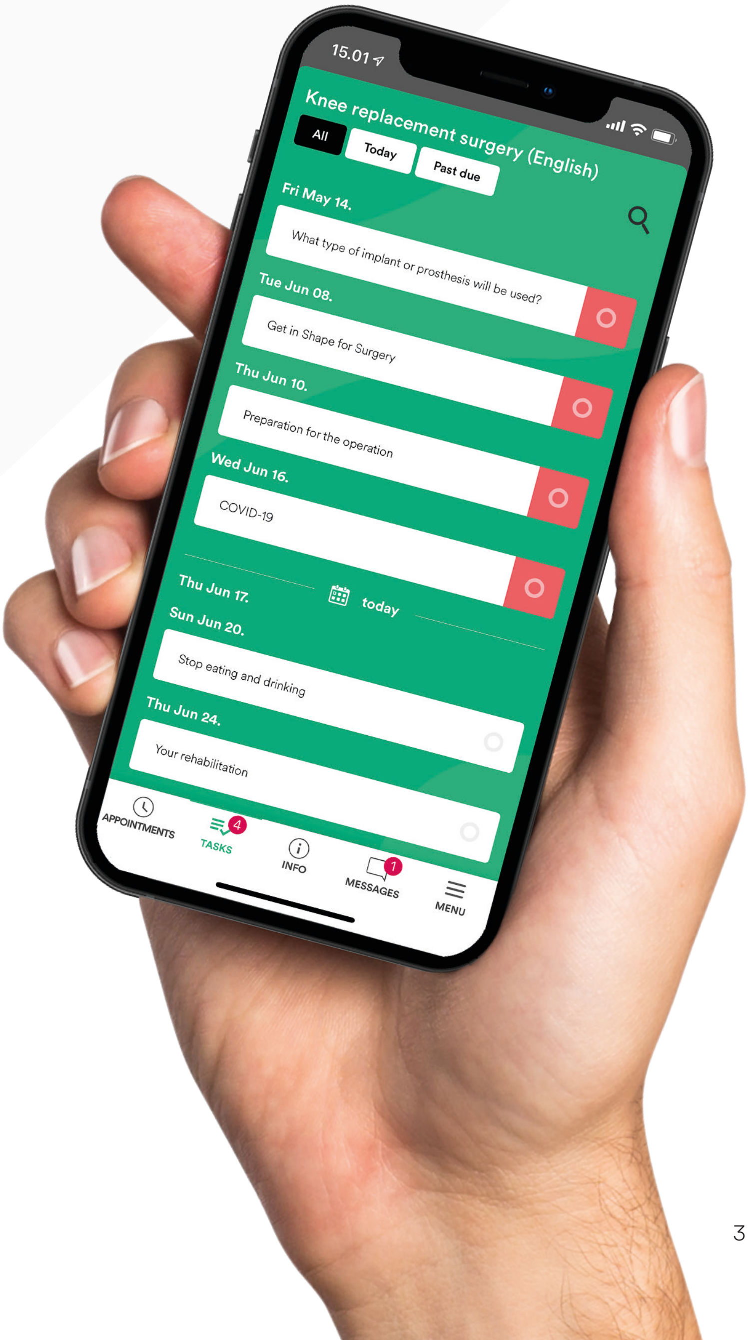
Thomas Bruno Pedersen
Lars Engell Friis
Troels Kryger Aggerholm
Mikkel Bech-Petersen
Jørgen Schøler Kristensen

AUDITORS

Beierholm
Statsautoriseret Revisionspartnerselskab

PARENT COMPANY

Firmainvest A/S



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STATEMENT BY THE EXECUTIVE BOARD AND BOARD OF DIRECTORS ON THE ANNUAL REPORT

We have on this day presented the annual report for the financial year 01.01.22 - 31.12.22 for Emento A/S.

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

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.22 and of the results of the company's activities for the financial year 01.01.22 - 31.12.22.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Aarhus N. 24.05.2023

EXECUTIVE BOARD

Allan Juhl

Klaus Veng Kristensen

BOARD OF DIRECTORS

Thomas Bruno Pedersen
Chairman

Lars Engell Friis

Troels Kryger Aggerholm

Mikkel Bech-Petersen

Jørgen Schøler Kristensen

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF EMENTO A/S

OPINION

We have audited the financial statements of Emento A/S for the financial year 01.01.22 - 31.12.22, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.22 and of the results of the company's operations for the financial year 01.01.22 - 31.12.22 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

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 "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER

We draw your attention to Note 2 of the financial statements, which show that there is significant uncertainty associated with the measurement of the Company's capitalized development costs. Our conclusion is not modified regarding this matter.

STATEMENT REGARDING THE MANAGEMENT'S REVIEW

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

INDEPENDENT AUDITOR'S REPORT

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

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management's review.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the 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 in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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 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 skepticism 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 error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Aarhus, 24.05.2023

Beierholm
Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Jesper Birn
State Authorized Public Accountant
MNE-no. mne18574

MAIN ACTIVITIES

Emento's purpose is to create a foundation for better digital communication between citizens and patients on the one hand and the public sector and hospitals on the other - for the benefit of all parties. We do this by developing and selling digital products for the healthcare and care sector and other areas. The products enable the healthcare system and the public sector to provide patients and citizens with the right knowledge at the right time in their care pathway.

Emento is a design-driven company that focuses on user engagement, change management, design processes, communication and software development for healthcare and the public sector.

2022 HAS BEEN A VERY PROMISING SCALING YEAR WITH INCREASED FOCUS ON GERMANY

In 2022, Emento has further developed its digital product suite through collaboration with several major organizations, including both regions and municipalities in Denmark and hospitals and the care sector in Germany. At the same time, there has been a strong focus on scaling the organization all the way around the product, including the preparation of new support products in relation to faster implementation, further development of standardized implementation concepts and much more.

Emento has implemented its first installation in Germany in the past year and established a strong full service organization in Germany based in Düsseldorf. In addition, Emento has added a new product, Guide, as a simpler configuration of Emento's product suite and where login with MitID is not required. For Guide, an agreement has been signed with the Danish Football Union (DBU) for testing with a focus on the onboarding of referees.

2022 has therefore been another year of investment, particularly in building a German organization and further developing the product suite to support the German market. Continued further development of the product suite for the German market is required and will be prioritized in line with market penetration. With the organization and the contracts signed, Emento has got off to a good start in Germany and has built up a solid pipeline.

EXPECTATIONS FOR STRONG GROWTH IN 2023

For 2023, Emento expects increasing activities - not least due to the establishment in Germany, where many tenders are expected in the next two years. The presence in Germany has also generated interest from both Austria and Switzerland. There are also good signs in the Danish market, where there is increasing exposure of Emento's products as the political agenda points to the need for changes in the healthcare system.

UNCERTAINTY CONCERNING RECOGNITION AND MEASUREMENT

In the financial statements for the financial year 01.01.22 - 31.12.22, the following recognition and measurement uncertainty is material to note as it has had a significant impact on the assets and liabilities recognised in the financial statements:

The company has recognised development costs totalling DKK 11,229 thousand as intangible assets in the financial statements. At the end of 2018, the company commenced sales of the first stage of their Digital Care Guide, and further development of this is ongoing. Management therefore assesses that the recognition and measurement of development projects is associated with significant uncertainty. When presenting the annual report, Management has assessed that there is no need for impairment of development projects, as there are expectations of significant value creation during 2023 from the company's Digital Care Guide and the new project Guide.

DEVELOPMENT IN ACTIVITIES AND FINANCIAL AFFAIRS

The income statement for the period 01.01.22 - 31.12.22 shows a result of DKK -19,755,115 compared to DKK -7,953,720 for the period 01.01.21 - 31.12.21. The balance sheet shows an equity of DKK -12,211,621.

Information on going concern
The company has again this year realised a loss and thus increased the equity capital lost.

The company has signed several major contracts and has several more in the pipeline. It is therefore the company's intention over the next few years to re-establish equity through normal operations, or if necessary through conversion of loans from shareholders to either subordinated loan capital or equity. The company has carried out capital increases in 2022, which will also help to re-establish equity.
The company's management has secured liquidity for continued operations in 2023, so there is no risk associated with this.

SUBSEQUENT EVENTS

No events have occurred between the balance sheet date and the date of this report that have changed the assessment of the annual report.

INCOME STATEMENT

Note		2022 DKK	2021 DKK
	Gross profit	**9,570,573**	**6,659,095**
3	Staff costs	-14,263,149	-12,305,356
	Loss before depreciation, amortisation, write-down and impairment losses	**-4,692,576**	**-5,646,261**
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-4,217,357	-3,507,485
	Other operating expenses	-5,275	0
	Operating loss	**-8,915,208**	**-9,153,746**
4	Income from equity investments in group enterprises	-9,664,166	0
5	Financial income	356,132	13,747
6	Financial expenses	-1,352,945	-974,094
	Loss before tax	**-19,576,187**	**-10,114,093**
	Tax on loss for the year	-178,928	2,160,373
	Loss for the year	**-19,755,115**	**-7,953,720**

Proposed appropriation account

Retained earnings	-19,755,115	-7,953,720
Total	**-19,755,115**	**-7,953,720**

BALANCE SHEET

ASSETS

Note		31.12.22 DKK	31.12.21 DKK
	Completed development projects	11,228,904	12,005,189
	Development projects in progress	500,968	0
7	**Total intangible assets**	**11,729,872**	**12,005,189**
	Leasehold improvements	12,005	20,478
	Other fixtures and fittings, tools and equipment	50,363	113,106
	Total property, plant and equipment	**62,368**	**133,584**
	Equity investments in group enterprises	0	204,848
	Deposits	294,557	285,319
	Total investments	**294,557**	**490,167**
	Total non-current assets	**12,086,797**	**12,628,940**
	Trade receivables	9,178,620	10,244,693
	Receivables from group enterprises	6,941,622	4,097,372
	Deferred tax asset	851,581	2,995,085
	Other receivables	29,864	10,619
	Prepayments	881,349	150,795
	Total receivables	**17,883,036**	**17,498,564**
	Cash	**1,708,055**	**2,309,399**
	Total current assets	**19,591,091**	**19,807,963**
	Total assets	**31,677,888**	**32,436,903**

BALANCE SHEET

EQUITY AND LIABILITIES

Note		31.12.22 DKK	31.12.21 DKK
	Share capital	3,599,614	3,213,941
	Reserve for development costs	9,149,300	9,364,048
	Foreign currency translation reserve	-14,976	0
	Retained earnings	-24,945,559	-17,019,519
	Total equity	**-12,211,621**	**-4,441,530**
8	Payables to group enterprises	18,212,036	12,156,964
8	Other payables	13,433,265	11,554,537
	Total long-term payables	**31,645,301**	**23,711,501**
8	Short-term part of long-term payables	424,959	0
	Payables to other credit institutions	41,971	42,569
	Trade payables	287,016	540,598
	Other payables	3,444,133	4,901,515
	Deferred income	8,046,129	7,682,250
	Total short-term payables	**12,244,208**	**13,166,932**
	Total payables	**43,889,509**	**36,878,433**
	Total equity and liabilities	**31,677,888**	**32,436,903**

9 Contingent liabilities
10 Charges and security

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STATEMENT OF CHANGES IN EQUITY

Figures in DKK	Share capital	Reserve for development costs	Foreign currency translation reserve	Retained earnings
Statement of changes in equity for 01.01.21 - 31.12.21				
Balance as at 01.01.21	3,060,897	9,223,985	0	-13,772,692
Capital increase	153,044	0	0	4,846,956
Transfers to/from other reserves	0	140,063	0	-140,063
Net profit/loss for the year	0	0	0	-7,953,720
Balance as at 31.12.21	3,213,941	9,364,048	9,223,985	-17,019,519
Statement of changes in equity for 01.01.22 - 31.12.22				
Balance as at 01.01.22	3,213,941	9,364,048	0	-17,019,519
Foreign currency translation adjustment of foreign enterprises	0	0	-14,976	0
Capital increase	385,673	0	0	11,614,327
Transfers to/from other reserves	0	-214,748	0	214,748
Net profit/loss for the year	0	0	0	-19,755,115
Balance as at 31.12.22	3,599,614	9,149,300	-14,976	-24,945,559

1. INFORMATION AS REGARDS GOING CONCERN

The company has again this year realized a deficit and thus increased the lost equity.

The company has entered into several major contracts as well as several in the pipeline. It is therefore the company's intention over the next few years to re-establish equity through normal operations, or if necessary through the conversion of loans from shareholders to either subordinated loan capital or equity.

The company's management has ensured liquidity for the continued operation in 2023, which is why there is no risk associated with this.

2. UNCERTAINTY CONCERNING RECOGNITION AND MEASUREMENT

In the financial statements for 2022, it is important to note the following uncertainty as regards recognition and measurement as it has had a significant influence on the assets and liabilities recognised in the financial statements:

The Company has recognised development costs totalling t.DKK 11,229 as intangible assets in its financial statements. At the end of 2018, the company has started the sale of the first stage of their Digital Progress Guide, and further development has continued. Management therefore considers that the recognition and measurement of development projects is associated with significant uncertainty. When submitting the annual report, the management has assessed that there is no need for depreciation of development projects, as there are expectations of significant value creation over the coming years from the company's Digital Progress Guide, which is a communication platform that guides citizens and patients in their patient and case management processes, and which contains products aimed at citizens and patients, as well as aimed at the professional users. Development projects concern the development of the company's Digital Progress Guide.

NOTES

	2022 DKK	2021 DKK

3. STAFF COSTS

Wages and salaries	11,814,369	10,405,838
Pensions	1,259,970	1,091,978
Other social security costs	74,976	65,746
Other staff costs	1,113,834	741,794
Total	14,263,149	12,305,356
Average number of employees during the year	22	19

4. INCOME FROM EQUITY INVESTMENTS IN GROUP ENTERPRISES

Share of profit or loss of group enterprises	-9,664,166	0
Total	-9,664,166	0

5. FINANCIAL INCOME

Interest, group enterprises	355,485	13,746
Foreign exchange gains	647	1
Total	356,132	13,747

NOTES

	2022 DKK	2021 DKK

6. FINANCIAL EXPENSES

Interest, group enterprises	750,885	946,491
Other financial expenses total	602,060	27,603
Total	1,352,945	974,094

7. INTANGIBLE ASSETS

Figures in DKK	Completed development projects	Development projects in progress
Cost as at 01.01.22	20,595,809	0
Additions during the year	3,369,856	500,968
Cost as at 31.12.22	23,965,665	500,968
Amortisation and impairment losses as at 01.01.22	-8,590,619	0
Amortisation during the year	-4,146,142	0
Amortisation and impairment losses as at 31.12.22	-12,736,761	0
Carrying amount as at 31.12.22	11,228,904	500,968

The development projects concern the development of the Digital Progress Guide. The focus here is on user involvement, change management, design processes, communication and software development for healthcare. 2022 has once again been marked by product development of the existing products offered by the company.

8. LONG-TERM PAYABLES

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.22	Total payables at 31.12.21
Payables to group enterprises	0	0	18,212,036	12,156,964
Other payables	424,959	909,821	13,858,224	11,554,537
Total	424,959	909,821	32,070,260	23,711,501

9. CONTINGENT LIABILITIES

Lease commitments

The company has concluded lease agreements with terms to maturity of 10-30 months and total lease payments of DKK 125k.

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and is liable for income taxes on a pro rata basis and must comply with any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The maximum liability totals an amount corresponding to the share of the capital in the company which is owned directly or indirectly by the ultimate parent. The total tax liability for the jointly taxed companies at the balance sheet date has not yet been determined. For further information, please see the financial statements of the management company Firmainvest Holding A/S.

The Company has entered into lease contracts with a total commitment totaling DKK 277k.

10. CHARGES AND SECURITY

As security for debt to Vækstfonden of DKK 5,950k, a company charge has been provided comprising other installations, operating equipment and fixtures as well as receivables from sales and services. The total carrying amount of the comprised assets is DKK 9.240k.

11. ACCOUNTING POLICIES

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (Årsregnskabsloven) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates.

11. ACCOUNTING POLICIES - CONTINUED -

The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the reserve for net revaluation according to the equity method in respect of investments measured according to the equity method, and otherwise under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

LEASES

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

INCOME STATEMENT

Gross profit

Gross profit comprises revenue, work performed for own account and capitalised, other operating income and raw materials and consumables and other external expenses.

Revenue

Income from the sale of services is recognised in the income statement as delivery takes place (delivery method). Revenue is measured at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Work performed for own account and capitalised

Work performed for own account and capitalised comprises cost of sales, wages and salaries and other internal expenses incurred during the year and included in the cost of selfconstructed or self-produced intangible assets and property, plant and equipment.

11. ACCOUNTING POLICIES - CONTINUED -

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal writedowns.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives years	Residual value per cent
Completed development projects	5	0
Leasehold improvements	5	0
Other plant, fixtures and fittings, tools and equipment	1 - 3	0

11. ACCOUNTING POLICIES - CONTINUED -

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

Income from equity investments in group entreprises

For equity investments in equity investments in subsidiaries, measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

11. ACCOUNTING POLICIES - CONTINUED -

BALANCE SHEET

Intangible assets

Completed development projects and development projects in progress
Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of intangible assets
Gains and losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

11. ACCOUNTING POLICIES - CONTINUED -

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group entreprises

Equity investments in subsidiaries are recognised and measured according to the equity method. For equity investments in subsidiaries, the equity method is considered a measurement method.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

Under subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Equity investments with a negative carrying amount are measured at DKK 0. Receivables that are considered part of the combined investment in the enterprises in question are impaired by any remaining negative equity value. Other receivables from such enterprises are impaired to the extent that such receivables are considered uncollectible. Provisions to cover the remaining negative equity value are recognised to the extent that the company has a legal or constructive obligation to cover the liabilities of the enterprise in question.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

11. ACCOUNTING POLICIES - CONTINUED -

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank account.

11. ACCOUNTING POLICIES - CONTINUED -

Equity

The net revaluation of equity investments measured according to the equity method is recognized in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

An amount equivalent to internally generated development costs in the balance sheet is recognised in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

Unrealised foreign currency gains and losses from the translation of the net investment in independent foreign entities are recognised in equity under the foreign currency translation reserve. The reserve is dissolved when the independent foreign entities are disposed of.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

11. ACCOUNTING POLICIES - CONTINUED -

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.