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AeroGuest ApS

Klostergade 28, 4th floor.
8000 Aarhus C
CVR No. 37348724

Annual report 2023

The Annual General Meeting adopted the annual report on 18.06.2024

Nikolai Kronborg
Chairman of the General Meeting

Contents

Entity details

Entity

AeroGuest ApS
Klostergade 28, 4th floor.
8000 Aarhus C

Business Registration No.: 37348724
Registered office: Aarhus
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Tommy Frejlev Andersen, Chairman of the board
Michael Ritto, Deputy chairman
Anders Dalgaard Sørensen
Ditlev Gustav Wedell-Wedellsborg
Martin Boesen Sponholtz

Executive Board

Nikolai Kronborg, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Lead Client Service Partner: Mads Fauerskov

Statement by Management

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

Aarhus, 18.06.2024

Executive Board

Nikolai Kronborg
CEO

Board of Directors

Tommy Frejlev Andersen
Chairman of the board

Michael Ritto
Deputy chairman

Anders Dalgaard Sørensen

Ditlev Gustav Wedell-Wedellsborg

Martin Boesen Sponholtz

Independent auditor's report

To the shareholders of AeroGuest ApS

Opinion

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

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

Basis for opinion

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

Material uncertainty related to going concern

Reference is made to note 1 in the financial statements, which describes the significant uncertainties related to the company's ability to continue as a going concern. Management expects that the company's loan facilities will be refinanced during 2024. Management also expects increased demand in the market, which will increase liquidity. The existing investors have contributed additional capital in Q1 2024. The ability to restructure debt programs has not yet been confirmed, and consequently there is an uncertainty related to going concern, since this is necessary to ensure sufficient cash to continue operations throughout 2024. Our conclusion is not modified in this respect.

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.

Aarhus, 18.06.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Sune Pagh Sølvsteen
State Authorised Public Accountant
Identification No (MNE) mne47819

Management commentary

Primary activities

AeroGuest ApS is a leading technology company specializing in the development and implementation of innovative digital solutions for the hospitality industry. Our focus is enhancement of the guest experience and automatization of hotel operations through seamless and efficient digital guest service communication, mobile check-in and check-out processes, room selection, digital key access, and integrated payment systems.

Development in activities and finances

AeroGuest operates in the global hospitality industry. It is a market in rapid growth, on the brink of a full digital transformation, where billions of dollars are allocated towards this transition.

Here AeroGuest is in a strategic super position. Initially a first mover, AeroGuest has now solidified its position as one of the very few that offers a two-way digital integration between the hotel guest and the hotel operating system (PMS).

With this unique position AeroGuest is very optimistic about the future as the significant maturity and growth in the market is directly reflected in the large increase of new costumers signing with AeroGuest in 2024.

The Company's financial performance in 2023 was adequate, driven by a strong focus on product excellence. Some churn in the customer base was observed, allowing the business to refine their products through new developments and stronger costumer relationships with hotels committed to digital transformation. Focus was also placed on solidifying product offerings, enhancing platform stability, and identifying revenue opportunities. Key developments include AeroGuest Payments, which has become a core revenue stream, and the launch of AeroGuest Communication & Enrich Booking Data tools. This completes the transition in the business' products from 'Nice to Have' to 'Need to Have'.

Engaging with, and securing, larger hotel groups has positively shifted market confidence and AeroGuest product/market fit.

In 2024, the business' strategy centres on commercial excellence, elevating product portfolio and fostering growth. Integrations with significant market players such as OHIP (Opera) integration and VisBook integration are being finalised, dramatically expanding market opportunities.
AeroGuest Payment is enhancing its offering with VivaWallet integration and developing 'Pay by Link v2'.
AeroGuest Communication is set to release a 'Hotel Directory' and 'Audience' feature for better guest marketing.
AeroGuest Journey is testing the 'Enrich Booking Data' feature and 'Direct Booking v2' developments. These strategic initiatives aim to solidify our market position and drive future success.

Uncertainty relating to recognition and measurement

In the annual report, the Company has recognized development work at cost. The management has chosen to take a conservative approach towards D&A, in the recognition of development projects is subject to uncertainty. Aware that taking the step to reduce this risk, impacts both this period and future.

Further information is provided in note 5 to the financial statements.

Events after the balance sheet date

The Company executed a capital increase from investors of DKK 7.7m in Q1 2024; for further information see note 1.

No events have occurred from the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		**(2,352,445)**	**(199,558)**
Staff costs	2	(10,328,645)	(10,548,172)
Depreciation, amortisation and impairment losses		(7,186,582)	(6,710,587)
Operating profit/loss		**(19,867,672)**	**(17,458,317)**
Income from investments in group enterprises		261,695	259,294
Other financial income		3,316	7,318
Other financial expenses		(2,348,881)	(1,881,715)
Profit/loss before tax		**(21,951,542)**	**(19,073,420)**
Tax on profit/loss for the year	3	131,888	123,647
Profit/loss for the year		**(21,819,654)**	**(18,949,773)**
Proposed distribution of profit and loss			
Retained earnings		(21,819,654)	(18,949,773)
Proposed distribution of profit and loss		**(21,819,654)**	**(18,949,773)**

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Completed development projects	5	11,818,860	16,735,296
Acquired patents		189,719	154,813
Intangible assets	4	**12,008,579**	**16,890,109**
Other fixtures and fittings, tools and equipment		81,019	93,760
Leasehold improvements		0	0
Property, plant and equipment	6	**81,019**	**93,760**
Investments in group enterprises		945,902	478,490
Deposits		620,083	584,478
Financial assets	7	**1,565,985**	**1,062,968**
Fixed assets		**13,655,583**	**18,046,837**
Trade receivables		271,083	102,667
Receivables from group enterprises		204,592	206,551
Other receivables		319,235	344,846
Joint taxation contribution receivable		131,888	99,447
Prepayments		2,862	7,562
Receivables		**929,660**	**761,073**
Cash		**1,078,457**	**1,024,445**
Current assets		**2,008,117**	**1,785,518**
Assets		**15,663,700**	**19,832,355**

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		246,385	184,435
Reserve for net revaluation according to the equity method		796,402	328,990
Reserve for development expenditure		9,218,710	13,053,530
Retained earnings		(24,704,977)	(21,023,827)
Equity		**(14,443,480)**	**(7,456,872)**
Debt to other credit institutions		21,155,480	23,607,940
Other payables		432,083	432,083
Non-current liabilities other than provisions	8	**21,587,563**	**24,040,023**
Current portion of non-current liabilities other than provisions	8	5,829,855	1,671,167
Bank loans		96,919	79,726
Trade payables		691,056	302,769
Payables to group enterprises		719,020	297,122
Payables to owners and management		33,906	33,906
Other payables		1,148,861	864,514
Current liabilities other than provisions		**8,519,617**	**3,249,204**
Liabilities other than provisions		**30,107,180**	**27,289,227**
Equity and liabilities		**15,663,700**	**19,832,355**
Going concern	1		
Unrecognised rental and lease commitments	9		
Contingent assets	10		
Contingent liabilities	11		
Assets charged and collateral	12		

Statement of changes in equity for 2023

	Contributed capital DKK	Share premium DKK	Reserve for net revaluation according to the equity method DKK	Reserve for development expenditure DKK	Retained earnings DKK
Equity beginning of year	184,435	0	328,990	13,053,530	(21,023,827)
Increase of capital	61,950	14,991,108	0	0	0
Costs related to equity transactions	0	0	0	0	(244,020)
Exchange rate adjustments	0	0	(13,797)	0	37,805
Transfer to reserves	0	0	0	(3,834,820)	3,834,820
Dissolution of reserves	0	(14,991,108)	0	0	14,991,108
Profit/loss for the year	0	0	481,209	0	(22,300,863)
Equity end of year	**246,385**	**0**	**796,402**	**9,218,710**	**(24,704,977)**

	Total DKK
Equity beginning of year	(7,456,872)
Increase of capital	15,053,058
Costs related to equity transactions	(244,020)
Exchange rate adjustments	24,008
Transfer to reserves	0
Dissolution of reserves	0
Profit/loss for the year	(21,819,654)
Equity end of year	**(14,443,480)**

The company has lost more than 50 % of the contributed capital and the company is therefore subject to the Capital losses rules of the Danish companies Act § 119. Management expects to re-establish equity through future operations.

Notes

1 Going concern

The Company has executed a capital increase from investors of DKK7m in February of 2024 and therefore the management evaluates that there is sufficient liquidity for the following year.

The capital increase is necessary for the Company to continue activities and operations as set out in the budget and which the capital increases are decided on basis of. The budget is depending of a large growth of in the Global travel activities and the onboarding of new customers in 2024 aswell which will reflect on the growth in revenue in 2024.
Also, it is necessary for the Company to manage cash burn as reflected in the budget throughout 2024.

The management expects to be able to postpone repayment on debt to EIFO or to provide additional liquidity, if this becomes necessary.

Management is of the opinion that these assumptions are realistic and consequently the financial statements are prepared on a going concern basis.

2 Staff costs

	2023 DKK	2022 DKK
Wages and salaries	9,452,858	9,906,255
Pension costs	789,700	520,758
Other social security costs	86,087	121,159
	10,328,645	**10,548,172**

Average number of full-time employees	18	21

3 Tax on profit/loss for the year

	2023 DKK	2022 DKK
Adjustment concerning previous years	0	(24,200)
Refund in joint taxation arrangement	(131,888)	(99,447)
	(131,888)	**(123,647)**

4 Intangible assets

	Completed development projects DKK	Acquired patents DKK
Cost beginning of year	33,996,386	669,208
Additions	2,092,045	190,283
Cost end of year	**36,088,431**	**859,491**
Amortisation and impairment losses beginning of year	(17,261,090)	(514,395)
Amortisation for the year	(7,008,481)	(155,377)
Amortisation and impairment losses end of year	**(24,269,571)**	**(669,772)**
Carrying amount end of year	**11,818,860**	**189,719**

5 Development projects

The Company's development project consists of developing a digital platform for the hotel industry and its guests.

The development project has been completed but is still beeing further developt and is amortised over a period of 5 years. Future improvements will be capitalised, and maintenance cost is recognised in the income statement on an ongoing basis.

In 2024, our development team is dedicated to elevating our current product portfolio and establishing a strong foundation for future growth. This strategic focus ensures that AeroGuest continues to deliver a best-in-class digital platform tailored for the hotel industry and its guests. Our 2024 development strategy is centered around five main areas:

Integrations:
We are finalizing our OHIP (Opera) integration, which will support our current clients transitioning to their new cloud solution and facilitate easy adoption for new clients. Additionally, the recently completed VisBook integration has opened up new market opportunities for us.

AeroGuest Payment:
The team is completing integration with VivaWallet as part of our agreement with AHHG. Additionally, our 'Pay by Link v2' is in development and will be ready by the end of the year, delivering the most advanced payment link solution in hospitality.

AeroGuest Communication: The team has completed the initial development phase and is now focused on continuous improvements to our new communication product, ensuring comprehensive support throughout the guest journey. We are also preparing to add 'Hotel Directory' to our portfolio, with the first version set for release at the end of August. At the end of the year, we will begin work on our new 'Audience' feature, which will enable hotels to easily collect marketing permissions from their guests and laying the ground work for increased 'Direct Booking' conversion.

AeroGuest Journey:
We have released our new 'Enrich Booking Data' feature for closed beta testing. At the end of the year, we plan to start developing our new 'Extras' feature, allowing guests to conveniently purchase additional services for their stay. Additionally, we are exploring to begin our 'Direct Booking v2' development from Q4 2024.

Product Excellence:
We are implementing minor updates and secondary projects that provide essential quality-of-life improvements to our product line. These include updating the UI to our newest design system, enhancing the overall experience for both our clients and their guests.

Management has not identified any indications of impairment in relation to the recognised amount of DKK 11,819k. The development project is expected to generate positive future cash flows exceeding the recognised value.

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	677,965	534,666
Additions	9,983	0
Cost end of year	**687,948**	**534,666**
Depreciation and impairment losses beginning of year	(584,205)	(534,666)
Depreciation for the year	(22,724)	0
Depreciation and impairment losses end of year	**(606,929)**	**(534,666)**
Carrying amount end of year	**81,019**	**0**

7 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	149,500	584,478
Additions	0	35,605
Cost end of year	**149,500**	**620,083**
Revaluations beginning of year	328,990	0
Exchange rate adjustments	(13,797)	0
Share of profit/loss for the year	261,696	0
Investments with negative equity value depreciated over receivables	219,513	0
Revaluations end of year	**796,402**	**0**
Carrying amount end of year	**945,902**	**620,083**

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Aeroguest Inc	USA	Inc	100.00
AeroGuest Asia Pacific Pte Ltd	Singapore	Pte	100.00
Aeroguest Europe ApS	Aarhus	ApS	100.00

8 Non-current liabilities other than provisions

	Due within 12 months 2023 DKK	Due within 12 months 2022 DKK	Due after more than 12 months 2023 DKK	Outstanding after 5 years 2023 DKK
Debt to other credit institutions	5,829,855	1,671,167	21,155,480	0
Other payables	0	0	432,083	432,983
	5,829,855	**1,671,167**	**21,587,563**	**432,983**

9 Unrecognised rental and lease commitments

	2023 DKK	2022 DKK
Liabilities under rental or lease agreements until maturity in total	634,836	1,025,000

10 Contingent assets

The Company has total tax assets of a tax base of DKK 12,478k which are not recognised in the financial statements due to the uncertainty of utilising the tax assets.

The Company has a tax loss carryforward of DKK 67,853k.

11 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

12 Assets charged and collateral

Payables to Vaekstfonden are secured on a floating charge of DKK 3,000k on intellectual property rights, operating equipment, fixtures and fittings as well as unsecured claims from sales.

Accounting policies

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

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

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

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

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

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

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

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

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. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date.

Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in translation reserve in equity.

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, cost of sales, other operating income, own work capitalised and other external expenses.

Revenue

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.

Cost of sales

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

Other external expenses

Other external expenses include expenses relating to the Entity's 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.

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

Other financial income
Other financial income comprises interest income etc.

Other financial expenses
Other financial expenses comprise interest expenses 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.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc.
Intellectual property rights etc comprise development projects completed and in progress with related 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 under 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 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, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

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

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

	Useful life
Other fixtures and fittings, tools and equipment	2 years
Leasehold improvements	2 years

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 reserve for net revaluation according to the equity method in equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

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

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.

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

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