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## AeroGuest ApS

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

# Annual report 2021

The Annual General Meeting adopted the annual report on 27.06.2022

**Bo Martin Sponholtz**
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: 01.01.2021 - 31.12.2021

### Board of Directors

Bo Martin Sponholtz

Michael Ritto

Tommy Andersen

### Executive Board

Bo Martin Sponholtz

Nikolai Kronborg

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

# 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 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

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, 27.06.2022

**Executive Board**

**Bo Martin Sponholtz**

**Nikolai Kronborg**

**Board of Directors**

**Bo Martin Sponholtz**

**Michael Ritto**

**Tommy Andersen**

# Independent auditor's report

**To the shareholders of AeroGuest ApS**

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of AeroGuest ApS for the financial year 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 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 expect to raise a second round of capital increase in connection to the capital increase completed prior to approval of the financial statements. Investors are however not firmly committed and consequently there is an uncertainty related to going concern, since this is necessary to ensure sufficient cash to continue operations throughout 2022. 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 under the Danish Financial Statements Act.

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 of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

## Report on other legal and regulatory requirements and other reporting responsibilities

**Violation of the rules governing loss of capital as laid down in the Danish Companies Act**

The Company has lost more than half its capital. Management has not, within the deadlines of the Danish Companies Act § 119, ensured that a general meeting is held, and has not accounted for the Company's financial position to the shareholders and, if necessary, made proposals for measures that should be taken. The Company’s Management may be held liable in this respect.

Aarhus, 27.06.2022

**Deloitte**
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

**Mads Fauerskov**
State Authorised Public Accountant
Identification No (MNE) mne35428

# Management commentary

### Primary activities
The Company's primary activity is to engage in software development, programming, sales of services for the digitalization of hotels and, in a broader sense, digitalization of the travel industry.

### Development in activities and finances
The Company's financial performance is considered satisfactory in light of the prolonged outbreak of COVID-19 since the beginning of 2020. During 2021 governments worldwide continued to impose harsh restrictions heavily affecting the travel and hospitality industry, and these restrictions have equally affected our clients and revenue.

In this climate, the Company's focus has been on preparing for international growth in a post-COVID world where mobile enabled Touch Free Check-in is on every hotels mind. Sales and Customer Success teams have been strengthened, enabling the Company to sign many new hotels and work even more closely with these hotels to ensure their successful use of the AeroGuest platform as the world opens up again. Despite this challenging environment, the Company has grown the client base and has expanded activities to North America and Asia Pacific through wholly owned subsidiaries AeroGuest North America, Inc. in the United States and AeroGuest Asia Pacific Pte. Ltd. in Singapore. Finally, the Company has continued to invest in building out the AeroGuest platform to support many more hospitality tech integrations, increased focus on revenue generating features and heightened the user experience further.

The result for the year is negatively affected by Covid-19. Aid packages have been applied for, as in part compensates for this. DKK 123,951 in compensation was recognized as income in the financial year. Please see note 2 about other operating income.

### Financing and going concern
Reference is made to note 1 in the financial statements regarding the uncertainties related to financing and going concern.

### Uncertainty relating to recognition and measurement
In the annual report, the Company has recognized development projects at cost. The recognition of development projects is subject to uncertainty, but it is the Management's firm belief that the development projects give a true and fair view of the future expectations. Further information is provided in note 6 to the financial statements.

### Events after the balance sheet date
The Company has executed a capital increase from investors of DKK5m in June of 2022 and the equity is reestablished.

# Income statement for 2021

| | Notes | 2021<br>DKK | 2020<br>DKK |
|---|---|---|---|
| **Gross profit/loss** | 2 | **(2,543,731)** | **(3,754,405)** |
| | | | |
| Staff costs | 3 | (6,418,014) | (3,219,190) |
| Depreciation, amortisation and impairment losses | | (5,699,535) | (3,818,986) |
| **Operating profit/loss** | | **(14,661,280)** | **(10,792,581)** |
| | | | |
| Income from investments in group enterprises | | (141,092) | (397,486) |
| Other financial income | | 80,881 | 6,819 |
| Other financial expenses | | (1,221,225) | (746,545) |
| **Profit/loss before tax** | | **(15,942,716)** | **(11,929,793)** |
| | | | |
| Tax on profit/loss for the year | 4 | 0 | 2,843,704 |
| **Profit/loss for the year** | | **(15,942,716)** | **(9,086,089)** |
| | | | |
| **Proposed distribution of profit and loss** | | | |
| Retained earnings | | (15,942,716) | (9,086,089) |
| **Proposed distribution of profit and loss** | | **(15,942,716)** | **(9,086,089)** |

# Balance sheet at 31.12.2021

## Assets

| | Notes | 2021<br>DKK | 2020<br>DKK |
|---|---|---|---|
| Completed development projects | 6 | 17,520,674 | 15,496,583 |
| Acquired patents | | 195,840 | 130,508 |
| **Intangible assets** | 5 | **17,716,514** | **15,627,091** |
| Other fixtures and fittings, tools and equipment | | 158,067 | 344,271 |
| Leasehold improvements | | 134,019 | 414,096 |
| **Property, plant and equipment** | 7 | **292,086** | **758,367** |
| Investments in group enterprises | | 125,828 | 0 |
| Deposits | | 553,699 | 478,699 |
| **Financial assets** | 8 | **679,527** | **478,699** |
| **Fixed assets** | | **18,688,127** | **16,864,157** |
| Trade receivables | | 168,697 | 48,346 |
| Receivables from group enterprises | | 154,534 | 2,423 |
| Other receivables | | 512,844 | 1,432,777 |
| Income tax receivable | | 0 | 1,567,704 |
| Joint taxation contribution receivable | | 24,200 | 0 |
| Receivables from owners and management | 9 | 0 | 168,055 |
| Prepayments | | 0 | 67,571 |
| **Receivables** | | **860,275** | **3,286,876** |
| **Cash** | | **8,646,693** | **11,023,554** |
| **Current assets** | | **9,506,968** | **14,310,430** |
| **Assets** | | **28,195,095** | **31,174,587** |

## Equity and liabilities

| | Notes | 2021 DKK | 2020 DKK |
|---|---|---|---|
| Contributed capital | | 125,001 | 125,001 |
| Reserve for development expenditure | | 13,666,126 | 12,087,335 |
| Retained earnings | | (18,582,430) | (1,079,680) |
| **Equity** | | **(4,791,303)** | **11,132,656** |
| Debt to other credit institutions | | 22,837,821 | 17,671,728 |
| Convertible and dividend-yielding debt instruments | | 6,112,961 | 0 |
| Other payables | | 779,835 | 433,333 |
| **Non-current liabilities other than provisions** | 10 | **29,730,617** | **18,105,061** |
| Current portion of non-current liabilities other than provisions | 10 | 1,085,284 | 155,521 |
| Bank loans | | 102,610 | 0 |
| Trade payables | | 408,969 | 390,693 |
| Payables to group enterprises | | 125,515 | 0 |
| Payables to shareholders and management | | 33,906 | 20,000 |
| Income tax payable | | 24,200 | 0 |
| Other payables | | 1,475,297 | 1,370,656 |
| **Current liabilities other than provisions** | | **3,255,781** | **1,936,870** |
| **Liabilities other than provisions** | | **32,986,398** | **20,041,931** |
| **Equity and liabilities** | | **28,195,095** | **31,174,587** |
| Going concern | 1 | | |
| Unrecognised rental and lease commitments | 11 | | |
| Contingent assets | 12 | | |
| Contingent liabilities | 13 | | |
| Assets charged and collateral | 14 | | |

# Statement of changes in equity for 2021

| | Contributed capital DKK | Reserve for net revaluation according to the equity method DKK | Reserve for development expenditure DKK | Retained earnings DKK | Total DKK |
|---|---|---|---|---|---|
| Equity beginning of year | 125,001 | 0 | 12,087,335 | (1,079,680) | 11,132,656 |
| Exchange rate adjustments | 0 | 18,757 | 0 | 0 | 18,757 |
| Transfer to reserves | 0 | 0 | 1,578,791 | (1,578,791) | 0 |
| Profit/loss for the year | 0 | (18,757) | 0 | (15,923,959) | (15,942,716) |
| **Equity end of year** | **125,001** | **0** | **13,666,126** | **(18,582,430)** | **(4,791,303)** |

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 and a capital increase at the second half of 2022.

# Notes

### 1 Going concern

In the end of June 2022 the Company received the first out of two planned capital increases of DKK 5 million each. The second tranche of the capital increase amounting to further DKK 5 million is expected to be received during fall 2022.

The round of investors are not firmly committed to this second round of the capital increase which according to the budget for 2022 is necessary to ensure sufficient cash to finance the planned business operations.

Management consider it highly likely that this second tranche will be received and further cash thereby will be available later in 2022. Consequently the financial statements are prepared on basis of the going concern assumption.

There are however uncertainties related to this assessment of the Company receiving the second tranche of the capital increase and also the ability to follow the budget and projections presented in connection to the capital increases.

### 2 Gross profit/loss

Other operating income included in gross profit includes compensation received from the support schemes Fixed costs established as a result of the outbreak and spread of COVID-19 in 2021 with DKK 123,951

### 3 Staff costs

| | 2021<br>DKK | 2020<br>DKK |
|---|---|---|
| Wages and salaries | 10,493,908 | 8,172,508 |
| Pension costs | 562,458 | 419,988 |
| Other social security costs | 112,345 | 43,432 |
| Other staff costs | 324,640 | 222,642 |
| | **11,493,351** | **8,858,570** |
| Staff costs classified as assets | (5,075,337) | (5,639,380) |
| | **6,418,014** | **3,219,190** |

| | | |
|---|---|---|
| Average number of full-time employees | 22 | 18 |

### 4 Tax on profit/loss for the year

| | 2021<br>DKK | 2020<br>DKK |
|---|---|---|
| Current tax | 0 | (1,567,704) |
| Change in deferred tax | 0 | (1,276,000) |
| | **0** | **(2,843,704)** |

## 5 Intangible assets

| | Completed development projects DKK | Acquired patents DKK |
|---|---|---|
| Cost beginning of year | 21,501,994 | 213,260 |
| Additions | 7,027,211 | 279,597 |
| **Cost end of year** | **28,529,205** | **492,857** |
| Amortisation and impairment losses beginning of year | (6,005,411) | (82,752) |
| Amortisation for the year | (5,003,120) | (214,265) |
| **Amortisation and impairment losses end of year** | **(11,008,531)** | **(297,017)** |
| **Carrying amount end of year** | **17,520,674** | **195,840** |

## 6 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 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.

Management has not identified any indications of impairment in relation to the recognised amount of DKK 17.521k. The development project is expected to generate positive future cash flows exceeding the recognised value.

## 7 Property, plant and equipment

| | Other fixtures and fittings, tools and equipment DKK | Leasehold improvements DKK |
|---|---|---|
| Cost beginning of year | 635,641 | 518,797 |
| Additions | 0 | 15,869 |
| **Cost end of year** | **635,641** | **534,666** |
| Depreciation and impairment losses beginning of year | (291,370) | (104,701) |
| Depreciation for the year | (186,204) | (295,946) |
| **Depreciation and impairment losses end of year** | **(477,574)** | **(400,647)** |
| **Carrying amount end of year** | **158,067** | **134,019** |

## 8 Financial assets

| | Investments in group enterprises DKK | Deposits DKK |
|---|---|---|
| Cost beginning of year | 109,500 | 478,699 |
| Additions | 40,000 | 75,000 |
| **Cost end of year** | **149,500** | **553,699** |
| Revaluations beginning of year | (109,500) | 0 |
| Exchange rate adjustments | 18,757 | 0 |
| Share of profit/loss for the year | (141,092) | 0 |
| Investments with negative equity value depreciated over receivables | 208,163 | 0 |
| **Revaluations end of year** | **(23,672)** | **0** |
| **Carrying amount end of year** | **125,828** | **553,699** |

| 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 |

## 9 Receivables from owners and management

Receivables from owners and management consisted of receivables from the associate Ninety Nine Holding ApS. No transactions have taken place that are not conducted on an arm's length basis.

## 10 Non-current liabilities other than provisions

| | Due within 12 months 2021 DKK | Due within 12 months 2020 DKK | Due after more than 12 months 2021 DKK | Outstanding after 5 years 2021 DKK |
|---|---|---|---|---|
| Debt to other credit institutions | 1,085,284 | 155,521 | 22,837,821 | 1,004,332 |
| Convertible and dividend-yielding debt instruments | 0 | 0 | 6,112,961 | 0 |
| Other payables | 0 | 0 | 779,835 | 0 |
| | **1,085,284** | **155,521** | **29,730,617** | **1,004,332** |

## 11 Unrecognised rental and lease commitments

| | 2021 DKK | 2020 DKK |
|---|---|---|
| Liabilities under rental or lease agreements until maturity in total | 1,025,000 | 242,200 |

## 12 Contingent assets

The Company has total tax assets of a tax base of DKK 3,607k 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 33,366k.

## 13 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.

## 14 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, other operating income 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.

### Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

### Cost of sales

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

## 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:

| | |
|---|---|
| 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.

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

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

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

**Cash**
Cash comprises bank deposits.

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