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DANMAGI ApS

Otto Busses Vej 7
2450 København SV
CVR No. 33885865

Annual report 2024

The Annual General Meeting adopted the annual report on 07.07.2025

Keld Friis
Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2024	9
Balance sheet at 31.12.2024	10
Statement of changes in equity for 2024	12
Notes	13
Accounting policies	18

Entity details

Entity

DANMAGI ApS
Otto Busses Vej 7
2450 København SV

Business Registration No.: 33885865
Registered office: København
Financial year: 01.01.2024 - 31.12.2024

Board of Directors

Keld Friis
Alex Rodenberg
David Martin Hollidge
Søren Hager

Executive Board

Søren Hager

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Egtved Allé 4
6000 Kolding

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of DANMAGI ApS for the financial year 01.01.2024 - 31.12.2024.

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 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024.

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.

Copenhagen, 07.07.2025

Executive Board

Søren Hager

Board of Directors

Keld Friis

Alex Rodenberg

David Martin Hollidge

Søren Hager

Independent auditor's report

To the shareholders of DANMAGI ApS

Opinion
We have audited the financial statements of DANMAGI ApS for the financial year 01.01.2024 - 31.12.2024, 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 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024 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
We draw attention to note 1 in the financial statements, which states that it is a requirement for the Entity's availability to remain a going concern that the Entity realize the budgets, especially the budgets for revenue. Furthermore we draw attention that the budgets assume that interest and instalments for convertible loans in the parent company, DanMagi Group ApS can be postponed into 2026. As stated in note 1, this indicates material uncertainties in the availability to remain a going concern. Our conclusion is not modified regarding these matters.

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.

- Plan and perform the audit of the financial statements to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

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.

Kolding, 07.07.2025

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Poul Skovgaard
State Authorised Public Accountant
Identification No (MNE) mne26777

Management commentary

Primary activities

DanMagi ApS is 100% owned by DanMagi Group ApS and owns 99% of Danmagi India Pvt. Ltd. DanMagi's primary purpose is to develop and sell DanMagi's cloud-based internet solutions, which offer reliable Wi-Fi to guests at hotels, restaurants, cafes, conference centers, and other relevant segments where guests require temporary internet access via Wi-Fi.

DanMagi has identified a gap in the market and offers the customer segments a high-quality solution at competitive prices. The reception of DanMagi as a leading provider of innovative guest internet services has been consistently positive.

The Company has built a strong market platform, including partnerships with global customers. Therefore, the Company is in a strong position for future development and a significant increase in activities going forward.

The Company has a global focus with its headquarters in Copenhagen, covering the EMEA region, including a branch in the UK. Additionally, the Company has a subsidiary in India covering the APAC region. DanMagi Group also has a Brazilian company for the CALA region.

Development in activities and finances

The Company's Income Statement of the financial year 1 January 2024 - 31 December 2024 shows a loss of DKK -8,616,070 and the Balance Sheet at 31 December 2024 a balance sheet total of DKK 7,175,544 and an equity of DKK 2,120,753.

The Company has in 2024 had grants from Danmagi Group ApS for DKK 17,334,245 to restored the equity in the Company, leaving Danmagi ApS in a stronger financial market situation, prepared for the future expansion. For further information please see note 1.

Outlook

From January 2025 the Group has hired Dean Wilkinson as the new frontrunner of the Group leadership. With an impressive 16-year track record in the technology and hospitality sectors, Dean brings unparalleled experience and leadership to his new role.

Dean Wilkinson’s career includes serving as the CEO and investor of Airangel, where he played a transformative role in launching the first cloud-based High-Speed Internet Access (HSIA) platform. Under his leadership, Airangel evolved into a dominant player in the industry, ultimately being acquired in 2023, further cementing his reputation as a key influencer in the space.

With Dean Wilkinson’s deep knowledge in the market, The Group will intensify the focus on the onboarding of customers as well as the up sales of the products and expanding into new verticals.

In 2024 the entire group of DanMagi companies, has focused the organization, including sale, financials, procedures and the management team. This has given the Group a stronger position in the market, including expansion of the collaboration with hotel groups in the existing frame agreements, and further expanding with new hotel groups, bringing the companies in a position, where there are very positive expectations to the sale in

2025 and onwards.

These efforts are expected to strengthen the Group´s revenue and results in 2025 and forward, expecting in a positive result from the beginnig of 2026.

Events after the balance sheet date

After the end of the financial year, there has been a positive development in the customer base, with both new frame agreements and new hotels on board, as well as a strengthened pipeline of hotels and strategic partners.

Income statement for 2024

	Notes	2024 DKK	2023 DKK
Gross profit/loss		**(2,294,255)**	**(4,693,238)**
Staff costs	4	(4,738,967)	(5,440,089)
Depreciation, amortisation and impairment losses		(2,462,157)	(2,905,532)
Operating profit/loss		**(9,495,379)**	**(13,038,859)**
Income from investments in group enterprises		1,283,415	(231,315)
Other financial income		3,299	3,568
Other financial expenses	5	(407,405)	(2,098,038)
Profit/loss for the year		**(8,616,070)**	**(15,364,644)**
Proposed distribution of profit and loss			
Retained earnings		(8,616,070)	(15,364,644)
Proposed distribution of profit and loss		**(8,616,070)**	**(15,364,644)**

Balance sheet at 31.12.2024

Assets

	Notes	2024 DKK	2023 DKK
Completed development projects	7	2,487,021	4,875,777
Intangible assets	6	**2,487,021**	**4,875,777**
Other fixtures and fittings, tools and equipment		542,508	0
Property, plant and equipment	8	**542,508**	**0**
Investments in group enterprises		810,163	1
Financial assets	9	**810,163**	**1**
Fixed assets		**3,839,692**	**4,875,778**
Manufactured goods and goods for resale		60,473	0
Inventories		**60,473**	**0**
Trade receivables		552,121	256,433
Receivables from group enterprises		198,261	0
Other receivables		1,322,861	619,781
Prepayments		12,325	22,261
Receivables		**2,085,568**	**898,475**
Cash		**1,189,811**	**217,719**
Current assets		**3,335,852**	**1,116,194**
Assets		**7,175,544**	**5,991,972**

Equity and liabilities

	Notes	2024 DKK	2023 DKK
Contributed capital		1,200,000	1,200,000
Reserve for development expenditure		1,939,877	4,852,423
Retained earnings		(1,019,124)	(12,649,845)
Equity		**2,120,753**	**(6,597,422)**
Other payables		433,469	493,242
Non-current liabilities other than provisions	10	**433,469**	**493,242**
Current portion of non-current liabilities other than provisions	10	63,306	0
Prepayments received from customers		635,682	366,097
Trade payables		1,304,604	2,511,721
Payables to group enterprises		1,673,767	1,683,296
Other payables		943,963	7,535,038
Current liabilities other than provisions		**4,621,322**	**12,096,152**
Liabilities other than provisions		**5,054,791**	**12,589,394**
Equity and liabilities		**7,175,544**	**5,991,972**
Material uncertainty related to going concern	1		
Events after the balance sheet date	2		
Uncertainty relating to recognition and measurement	3		
Contingent liabilities	11		
Assets charged and collateral	12		

Statement of changes in equity for 2024

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1,200,000	4,852,423	(12,649,845)	(6,597,422)
Group contributions etc.	0	0	17,334,245	17,334,245
Dissolution of reserves	0	(2,912,546)	2,912,546	0
Profit/loss for the year	0	0	(8,616,070)	(8,616,070)
Equity end of year	**1,200,000**	**1,939,877**	**(1,019,124)**	**2,120,753**

Notes

1 Material uncertainty related to going concern

For the year 2024, the Company has suffered a significant loss for DKK 8.616.070. The Company has financed this loss through grants from Danmagi Group ApS for DKK 17,334,245 to restore the equity as of December 31. 2024.

Furthermore agreements have been made with lenders in Danmagi Group ApS for loans of approx. DKK 13 million. The loans are set to be repaid as soon as possible, but the lenders has confirmed that interest and loan only should be repaid before 31.12.2025, if there is free and sufficient cash flow to do so.

One of the lenders, who also provides management services to the Group has, in addition to the above-mentioned waiver of instalments, made a commitment to provide management services to the Group for the coming 12 months from the signing date for the annual report and will only receive payment for those services every month when all other creditors and tax claims have been paid.

These commitments are made based on a strong belief from Management, Board of Directors, owners, and lenders that the Group will have a significant improvement in 2025 and 2026 in earnings. The Group has prepared a budget for the rest of 2025 and 2026, which shows the numbers below.

Please note that the budget is made on a consolidated level for Danmagi Group ApS and therefore also includes the earnings from Danmagi Group ApS, Danmagi ApS and the subsidiaries in India and Brazil as well.

- A loss before tax for the financial year 2025 in the range of DKK 7-8 million and a profit before tax for the financial year 2026 in the range off DKK 7 million.
- An increase in revenue from DKK 13 million in 2024 to DKK 17-18 million in 2025 and DKK 30-35 million in 2026 based on significant wins of new luxury hotel chains in 2025 and 2026. Included in the revenue budgets are revenue from hard-ware sales. We expects 5-8 contracts of min. DKK 1,0 million to be executed in the rest of the year 2025.
- A positive bank balance in Group's bank accounts at approximately DKK 0.25 million at the time for signing the annual report and a budget estimate for positive bank balance at approximately DKK 0.30 million at end of 2025 before instalments and interests of convertible loans in Danmagi Group ApS.
- Due to the nature of the business as a software service business, the increase in revenue from SAAS services will only result in limited increases in costs related to the services and similar, and therefore it will create a significant improvement to the performance.

More wins has been secured in 2025, latest with 12 hotels being onboarded on SAAS agreements over the next 12 months, with an ARR of approximately TDK 300. To secure the Groups SAAS activities, we have growth in selling modern hard-ware to more and more hotels. This is an important part of comforting the hotels in their goal of getting a good costumer experience on all aspects of their use of the hotels Wi-Fi.

Based on the above-mentioned initiatives, the realization of the budgets, and the commitments made by the lender, the Company's management considers that the Financial statements can be prepared with a going concern in mind but wants to highlight that there are material uncertainties related to the assumption.

2 Events after the balance sheet date

After the end of the financial year, Dean Wilkinson has joined the management team, and has reviewed the business-plans. The gool is now a leaner company, but also a slower growth than earlier expected. This has focused the management team´s efforts, based on a better joint understanding.

Apart from this, no events have occurred that affect the financial statements.

3 Uncertainty relating to recognition and measurement

Development projects

The Entity has recognized significant assets related to development projects. For a more detailed description of the development projects, please refer to note 7. In general, the recognition and measurement of the development projects are based on several assumptions, the most material of which are that the entity is considered to be a going concern (please see note 1 for further description) and that the entity is able to realize more revenue in the future based on the projects developed in the past. If those assumptions fail, there could be a need for an impairment of the assets related to development projects.

Tax Credit Scheme (LL§8X)

The Group has been selected for inspection by the Danish Tax Agency with a primary focus on the Group's historical use of the rules of the Tax Credit Scheme (LL§8X). The Group has received approximately DKK 0.8 million in the Tax Credit Scheme (LL§8X) for the year 2022, which the The Danish Tax Agency has challenged. Years before 2022 has not been challenged.

The Tax Credit Scheme has been used in 7 well-defined projects, and the Group disagree with The Danish Tax Agency, why their conclusion has been challenged to be evaluated by Skatteankestyrelsen. Their conclusion is expected in 2-3 years. Until then, the claim doesn’t have to be paid.

Due to the fact that Management expects the authorities to accept the use of the scheme, no provision has been made for a potential requirement from the authorities regarding payback of the tax credit received. Please also see note 11 for further description.

4 Staff costs

	2024 **DKK**	**2023** **DKK**
Wages and salaries	4,375,720	5,003,075
Pension costs	329,423	362,072
Other social security costs	33,824	74,942
	4,738,967	**5,440,089**
Average number of full-time employees	**8**	**9**

5 Other financial expenses

	2024 DKK	2023 DKK
Financial expenses from group enterprises	0	1,343,492
Other interest expenses	338,060	645,906
Exchange rate adjustments	38,917	55,953
Other financial expenses	30,428	52,687
	407,405	**2,098,038**

6 Intangible assets

	Completed development projects DKK
Cost beginning of year	9,501,055
Cost end of year	**9,501,055**
Amortisation and impairment losses beginning of year	(4,625,278)
Amortisation for the year	(2,388,756)
Amortisation and impairment losses end of year	**(7,014,034)**
Carrying amount end of year	**2,487,021**

7 Development projects

Completed development projects is developed and finalised from 2019 until 2024. The projects focused on improving the guest/user experience as well as adding features relevant and valuable for the hotel administration, i.e. collecting and presenting data for analytic purposes.

The projects added value to the core software platform of Danmagi, which is the core driver of turnover and growth of DanMagi.

Development projects are initiated based on customer input and evaluation of market potential. Development projects are yearly reassessed. Please refer note 3.

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	1,499,526
Additions	615,909
Cost end of year	**2,115,435**
Depreciation and impairment losses beginning of year	(1,499,526)
Depreciation for the year	(73,401)
Depreciation and impairment losses end of year	**(1,572,927)**
Carrying amount end of year	**542,508**

9 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	3,541,998
Cost end of year	**3,541,998**
Revaluations beginning of year	(1,921,673)
Revaluations end of year	**(1,921,673)**
Share of profit/loss for the year	(810,162)
Impairment losses end of year	**(810,162)**
Carrying amount end of year	**810,163**

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Danmagi India Private Ltd.	India	Ltd.	99.00

10 Non-current liabilities other than provisions

	Due within 12 months 2024 DKK	Due after more than 12 months 2024 DKK	Outstanding after 5 years 2024 DKK
Other payables	63,306	433,469	424,642
	63,306	**433,469**	**424,642**

11 Contingent liabilities

The Group has been selected for inspection by the Danish Tax Authorities related to the use of the Tax Credit Scheme (LL§8X) in 2022, for an amount of 0.8 million. Please see note 2 for further description. Management expects that the Tax Authorities will accept the use of the Tax Credit Scheme, and therefore no provision has been made to cover a potential repayment.

The Entity participates in a Danish joint taxation arrangement where Danmagi Group ApS serves as the administration company. 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 the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

12 Assets charged and collateral

A business lien has been provided on T.DKK. 4,000 in receivables from sales and services, as well as intangible and tangible fixed assets, with a booked value of T. DKK 3.642 as of December 31. 2024**.**

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

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalized, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognized in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognized in the income statement when delivery is made to the buyer. Revenue is recognized 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, 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 normal activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognized 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.

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 dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Balance sheet

Development projects
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 recognized as costs in the income statement as incurred. When recognizing development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortized 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 recognized 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. The amortisation periods used are 5 years.

Development projects are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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

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	3-5 years

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 recognized and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

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

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 amortized cost, which usually corresponds to nominal value.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.