Deloitte.

Maki A/S

Nydamsvej 21
8362 Hørning
CVR No. 18722399

Annual report 2023

The Annual General Meeting adopted the annual report on 28.06.2024

Henrik Rennison Hansen
Conductor

Contents

Entity details

Entity

Maki A/S
Nydamsvej 21
8362 Hørning

Business Registration No.: 18722399
Registered office: Skanderborg
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

John Thomas, Chairman
Ulrik Nicolai Jungersen, Vice-chairman
Lars Gjørup
Erik Balleby Jensen
Niels Backman Dahl-Nielsen
Susanne Schustin

Executive Board

Michael Jensen

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 Maki A/S 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.

Hørning, 28.06.2024

Executive Board

Michael Jensen

Board of Directors

John Thomas
Chairman

Ulrik Nicolai Jungersen
Vice-chairman

Lars Gjørup

Erik Balleby Jensen

Niels Backman Dahl-Nielsen

Susanne Schustin

Independent auditor's report

To the shareholders of Maki A/S

Opinion

We have audited the financial statements of Maki A/S 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.

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, 28.06.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jacob Nørmark
State Authorised Public Accountant
Identification No (MNE) mne30176

Jonas Thøstesen Svensson
State Authorised Public Accountant
Identification No (MNE) mne47824

Management commentary

Financial highlights

	2023 DKK'000	2022 DKK'000	2021 DKK'000	2020 DKK'000	2019 DKK'000
Key figures					
Gross profit/loss	118,242	119,224	119,329	98,534	70,554
Operating profit/loss	76,752	81,242	84,846	68,669	46,844
Net financials	(8,101)	(2,513)	(658)	(1,533)	(2,952)
Profit/loss for the year	54,121	62,552	65,990	52,930	35,247
Total assets	131,449	140,526	132,190	139,813	139,690
Investments in property, plant and equipment	5,064	970	1,012	1,191	2,808
Equity	72,953	95,183	81,319	45,976	25,189
Ratios					
Return on equity (%)	64.38	70.88	103.68	148.75	73.97
Equity ratio (%)	55.50	67.73	61.52	32.88	18.03

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):
Profit/loss for the year * 100
Average equity

Equity ratio (%):
Equity * 100
Total assets

Primary activities

Maki, headquartered in Denmark and with subsidiaries in Norway, Sweden, and Finland, is a leading distributor in the Nordic market for toys.

Working only with well-established and often global brand owners, we market high-quality toys that not only bring joy but also foster learning, development, imagination, and creativity in kids.

Kids aged up to eight years, their parents, and gift-givers remain our primary customers and in strong partnerships with brand owners and retailers, we have offered exciting ranges of toys for more than 25 years.

Our annual assortment features some 2,500-3,000 SKUs that we reach kids through a network of more than 5,000 Nordic stores and webshops.

We always strive to build strong and value-adding ties with our brand owners and customers, many of whom have been with us since our early years. In the years to come we will continue to bring new toys to market, while providing even more value to our business partners through innovative services and solutions, utilizing new technologies, digitization, and integration.

Development in activities and finances

2023 became a year of adapting to the market downturn that had started in the second half of 2022. Many of our customers struggled during the year and this impacted order and sales volumes adversely. We believe to have succeeded in keeping our market share, and in some cases even increasing it, thanks to a strong assortment and a close cooperation with both brand owners and customers.

The market downturn must be seen in context with demand in 2020-2021 was at an unusual high level due to changed consumer behaviour (COVID-19, lockdowns, etc.). Furthermore, this fiscal year was also impacted by the declining SEK/NOK rates as well as non-recurring, relocation costs. With these circumstances in mind, but also owing greatly to our business partners and dedicated employees, we believe our financial performance in 2023 was satisfactory.

Over the last quarter, we successfully moved our organization spread over three locations in the Silkeborg area to a single, new office and warehouse in Hørning, close to Aarhus. The move did not affect operations as systems and processes were migrated. We believe our new 16,000 m2 domicile will form a strong platform for the future growth and development of Maki.

Profit/loss for the year in relation to expected developments

Net profit for the year ended within management's expectations, although somewhat lower than the previous year.

Outlook

For 2024, we expect only a modest sales development and a net profit of DKK 40-50m. The Nordic toy markets are still fragile and exposed to recession, interest rates, etc.

Other risks: The company is affected by changes in exchange rates, as purchases of goods and part of revenue are invoiced in foreign currencies. The company's currency risks in USD, SEK and NOK are hedged primarily using forward exchange contracts and by matching deposits and withdrawals per currency. The hedge period is normally 0-12 months.

Statutory report on corporate social responsibility

Maki has opted for greater responsibility in terms of a more sustainable world and has signed up to the UN Global Compact related to human rights, working life principles, environment, and prevention of corruption.

Earlier this month, Maki filed its third annual report to the Communication on Progress (CoP) platform: https://unglobalcompact.org/what-is-gc/participants/152168.

During 2023, we improved our carbon footprint estimations but witnessed a higher emission per revenue ratio than in 2022. Diversity – both a board, management, and company level – all improved in 2023 which is very satisfactory. Employee turnover was higher than our target, but we have identified the main root causes and see a positive trend going into the new year. You can find further details in our Sustainability Report 2023.

Events after the balance sheet date

In March 2024, an extraordinary dividend was distributed cf. note 6.

Except for that, no other events have occurred after the balance sheet date that would influence the evaluation of this annual report.

Income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		**118,241,829**	**120,170,970**
Staff costs	2	(39,958,830)	(36,815,380)
Depreciation, amortisation and impairment losses		(1,531,079)	(2,113,799)
Operating profit/loss		**76,751,920**	**81,241,791**
Income from investments in group enterprises		837,516	778,156
Other financial income	3	572,159	689,647
Other financial expenses	4	(8,673,408)	(3,202,329)
Profit/loss before tax		**69,488,187**	**79,507,265**
Tax on profit/loss for the year	5	(15,367,158)	(16,955,362)
Profit/loss for the year	6	**54,121,029**	**62,551,903**

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Other fixtures and fittings, tools and equipment		5,104,588	2,178,077
Leasehold improvements		606,393	0
Property, plant and equipment	7	**5,710,981**	**2,178,077**
Investments in group enterprises		1,537,002	1,942,586
Deposits		1,273	476,346
Financial assets	8	**1,538,275**	**2,418,932**
Fixed assets		**7,249,256**	**4,597,009**
Manufactured goods and goods for resale		74,223,124	78,129,805
Prepayments for goods		3,387,262	4,435,119
Inventories		**77,610,386**	**82,564,924**
Trade receivables		15,043,440	17,995,667
Deferred tax	9	1,135,000	0
Other receivables		2,763,956	9,856,235
Tax receivable		378,979	1,106,121
Prepayments	10	1,288,809	832,305
Receivables		**20,610,184**	**29,790,328**
Cash		**25,979,261**	**23,573,937**
Current assets		**124,199,831**	**135,929,189**
Assets		**131,449,087**	**140,526,198**

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		1,010,100	1,010,100
Reserve for fair value adjustments of hedging instruments		(2,002,501)	4,389,089
Reserve for net revaluation according to the equity method		1,457,048	1,862,632
Retained earnings		72,488,584	52,920,961
Proposed dividend		0	35,000,000
Equity		**72,953,231**	**95,182,782**
Deferred tax	9	0	673,000
Provisions		**0**	**673,000**
Bank loans		2,267,578	35,265
Prepayments received from customers		773,416	0
Trade payables		42,229,793	34,765,944
Payables to group enterprises		5,941,829	5,520,903
Other payables	11	7,283,240	4,348,304
Current liabilities other than provisions		**58,495,856**	**44,670,416**
Liabilities other than provisions		**58,495,856**	**44,670,416**
Equity and liabilities		**131,449,087**	**140,526,198**
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	12		
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Statement of changes in equity for 2023

	Contributed capital DKK	Reserve for fair value adjustments of hedging instruments DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed extraordinary dividend DKK
Equity beginning of year	1,010,100	4,389,089	1,862,632	52,920,961	0
Ordinary dividend paid	0	0	0	0	0
Extraordinary dividend paid	0	0	0	0	(35,000,000)
Exchange rate adjustments	0	0	41,010	0	0
Value adjustments	0	(8,194,590)	0	0	0
Tax of entries on equity	0	1,803,000	0	0	0
Dividends from group enterprises	0	0	(1,284,110)	1,284,110	0
Profit/loss for the year	0	0	837,516	18,283,513	35,000,000
Equity end of year	**1,010,100**	**(2,002,501)**	**1,457,048**	**72,488,584**	**0**

	Proposed dividend DKK	Total DKK
Equity beginning of year	35,000,000	95,182,782
Ordinary dividend paid	(35,000,000)	(35,000,000)
Extraordinary dividend paid	0	(35,000,000)
Exchange rate adjustments	0	41,010
Value adjustments	0	(8,194,590)
Tax of entries on equity	0	1,803,000
Dividends from group enterprises	0	0
Profit/loss for the year	0	54,121,029
Equity end of year	**0**	**72,953,231**

Notes

1 Events after the balance sheet date

An extraordinary dividend was distributed cf. note 6. Except for that no events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

2 Staff costs

	2023 DKK	2022 DKK
Wages and salaries	36,218,180	33,601,195
Pension costs	2,748,735	2,332,267
Other social security costs	557,307	559,233
Other staff costs	434,608	322,685
	39,958,830	**36,815,380**

Average number of full-time employees	**68**	**68**

	Remuneration of Management 2023 DKK	Remuneration of Management 2022 DKK
Total amount for management categories	1,944,523	1,916,495
	1,944,523	**1,916,495**

3 Other financial income

	2023 DKK	2022 DKK
Other interest income	65,189	128,563
Exchange rate adjustments	506,970	561,084
	572,159	**689,647**

4 Other financial expenses

	2023 DKK	2022 DKK
Financial expenses from group enterprises	335,782	123,635
Other interest expenses	4,558,615	3,078,694
Exchange rate adjustments	3,779,011	0
	8,673,408	**3,202,329**

5 Tax on profit/loss for the year

	2023 DKK	2022 DKK
Current tax	15,121,021	17,393,879
Change in deferred tax	(5,000)	(301,000)
Adjustment concerning previous years	251,137	(137,517)
	15,367,158	**16,955,362**

6 Proposed distribution of profit and loss

	2023 DKK	2022 DKK
Extraordinary dividend distributed in the financial year	35,000,000	51,600,000
Retained earnings	19,121,029	10,951,903
	54,121,029	**62,551,903**
Dividend distributed after the balance sheet date		
Extraordinary dividend	30,000,000	35,000,000

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	7,084,051	0
Additions	4,447,310	616,671
Cost end of year	**11,531,361**	**616,671**
Depreciation and impairment losses beginning of year	(4,905,972)	0
Depreciation for the year	(1,520,801)	(10,278)
Depreciation and impairment losses end of year	**(6,426,773)**	**(10,278)**
Carrying amount end of year	**5,104,588**	**606,393**

8 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	79,953	476,346
Disposals	0	(475,073)
Cost end of year	**79,953**	**1,273**
Revaluations beginning of year	1,862,633	0
Exchange rate adjustments	41,010	0
Share of profit/loss for the year	837,516	0
Dividend	(1,284,110)	0
Revaluations end of year	**1,457,049**	**0**
Carrying amount end of year	**1,537,002**	**1,273**

Investments in subsidiaries	**Registered in**	**Corporate form**	**Equity interest %**
Maki Norge AS	Norge	AS	100
Making Kidplay AB	Sverige	AB	100
Maki Finland OY	Finland	OY	100

9 Deferred tax

Changes during the year	**2023 DKK**	**2022 DKK**
Beginning of year	(673,000)	(450,000)
Recognised in the income statement	5,000	301,000
Recognised directly in equity	1,803,000	(854,340)
Adjustment concering previous years	0	330,340
End of year	**1,135,000**	**(673,000)**

Deferred tax assets

Deferred tax assets consist primarily of a forward exchange contract , which are expected to use the losses within 1-5 years as a result offuture positive operations.

10 Prepayments

Prepayments cover substantially prepaid insurance, prepaid product development costs, etc.

11 Other payables

Other payables include financial instruments, in the form of forward exchange contracts such as the company has entered into a hedge of future cash flows in USD and NOK. The value of the forward exchange contracts per 31.12.2023 amounts to DKK 2.567.893.

12 Unrecognised rental and lease commitments

	2023 DKK	2022 DKK
Liabilities under rental or lease agreements until maturity in total	**80,399,384**	**3,478,350**

13 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where TopCo M ApS served 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.

14 Assets charged and collateral

Bank loans are secured by way of a deposited floating charge of DKK 10,000k nominal on unsecured claims/trade receivables, intellectual property rights and operating equipment. The carrying amount of assets charged is:

Unsecured claims/trade receivables	DKK 15,043k
Inventories	DKK 77,610k
Intellectual property rights	DKK 0k
Operating equipment	DKK 5,711k

15 Related parties with controlling interest

CapHold M ApS Store Kongensgade 118, 1. th, 1264 København K, CVR No 42106534, TopCo M ApS, Store Kongensgade 118, 1. th, 1264 København K, CVR No 42106275 and Capidea Kapital III K/S, Store Kongensgade 118, 1. th, 1264 København K, CVR No 39184168 wholly owns the shares of the Entity and thus has control over the Entity.

16 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

17 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
TopCo M ApS, Store Kongensgade 118, 1. th, 1264 København K, CVR No 42106275.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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

Consolidated financial statements

Referring to section 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Maki A/S are included in the consolidated financial statements of Topco M ApS

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. 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 classified directly as equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are classified directly as 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.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value, which has been calculated as the discounted value of expected future net cash flows by using an approximate risk-free interest rate adjusted for any factors that a potential market participant would attribute value to when acquiring the instrument. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in reserve for fair value adjustments of hedging instruments in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed 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 normal inventory writedowns.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and normal writedowns of the relevant inventories.

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 comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of 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, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies 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 and tax surcharge under the Danish Tax Prepayment Scheme 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

Property, plant and equipment

Other fixtures and fittings, tools and equipment 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	3-10 years
Leasehold improvements	5 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.

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.

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.

Indirect production costs comprise indirect materials and customs.

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 amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

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.

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

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

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.

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.

Cash flow statement
The Company has omitted to prepare a cash flow statement as this is included in the consolidated cash flow statement of TopCo M ApS.