



Maki A/S

Hårupvej 22 D
8600 Silkeborg
CVR No. 18722399

Annual report 2022

The Annual General Meeting adopted the
annual report on 22.06.2023

Henrik Rennison Hansen
Conductor

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Entity details

Entity

Maki A/S

Hårupvej 22 D

8600 Silkeborg

Business Registration No.: 18722399

Registered office: Silkeborg

Financial year: 01.01.2022 - 31.12.2022

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 01.01.2022 - 31.12.2022.

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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

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.

Silkeborg, 22.06.2023

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 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 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 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.

Aarhus, 22.06.2023

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

	2022	2021	2020	2019	2018
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	119,224	119,161	98,534	70,554	61,253
Operating profit/loss	81,242	84,846	68,669	46,844	38,629
Net financials	(2,513)	(658)	(1,533)	(2,952)	633
Profit/loss for the year	62,552	65,990	52,930	35,247	33,899
Total assets	151,192	132,190	139,813	139,690	131,347
Investments in property, plant and equipment	970	1,012	1,191	2,808	1,600
Equity	95,183	81,319	45,976	25,189	70,114
Ratios					
Return on equity (%)	70.88	103.68	148.75	73.97	59.62
Equity ratio (%)	62.96	61.52	32.88	18.03	53.38

Ratios reflect

Return on equity

The entity's return on capital invested in the entity by the owners.

Solvency ratio

The financial strength of the entity.

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

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

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 6,000 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

Our 2022 started well in terms of sales with our first half-year ending well above expectations and we continued building the organisation for growth and according to our 2025 Strategy. During the second half-year the world economy was hit by a significant downturn with inflation and interest rates spiking, and consumer confidence plummeting.

Toys have often been more resilient to such turbulence than many other FMCG categories, and this also proved true in 2022. However, our sales did end lower than originally planned, and slightly lower than 2021.

Profit/loss for the year in relation to expected developments

Our 2022 earnings also ended lower than last year and our expectations. Net profit for the year was DKK 63m, or DKK -3m lower than 2021. In line with previous years, earnings are being reinvested, or are available for other group companies' loan repayments.

Owing a lot to our business partners and not least our dedicated employees, we believe our financial performance in 2022 was satisfactory considering the challenging external factors.

Outlook

For 2023, we expect a moderate development in sales and a net profit of DKK 50-60m. However, this year our financial performance is subject to greater risks than ever before, due to potential recession, increasing inflation and geopolitical unrest.

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 month.

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 second annual report to the Communication on Progress (CoP) platform: <https://unglobalcompact.org/what-is-gc/participants/152168>

During 2022, we improved our CO2 footprint calculations by e.g. including Scope 3 emissions. Additional milestones included our first employee handbook, improved tracking of sick leave and employee turnover, and an employee satisfaction survey. You can find further details in our Sustainability Report 2022.

Events after the balance sheet date

Selected acquisitions are part of our 2025 Strategy, and in January 2023 we acquired a distributor and a few new brands. In March 2023, an extraordinary dividend was distributed cf. note 5.

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

Income statement for 2022

	Notes	2022 DKK	2021 DKK
Gross profit/loss		119,223,958	119,160,556
Staff costs	1	(35,868,368)	(32,493,738)
Depreciation, amortisation and impairment losses		(2,113,799)	(1,820,847)
Operating profit/loss		81,241,791	84,845,971
Income from investments in group enterprises		778,156	678,507
Other financial income	2	689,647	1,719,843
Other financial expenses	3	(3,202,329)	(2,377,382)
Profit/loss before tax		79,507,265	84,866,939
Tax on profit/loss for the year	4	(16,955,362)	(18,876,763)
Profit/loss for the year	5	62,551,903	65,990,176

Balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2021 DKK
Other fixtures and fittings, tools and equipment		2,178,078	3,421,876
Property, plant and equipment	6	2,178,078	3,421,876
Investments in group enterprises		1,942,586	2,913,674
Deposits		476,346	476,346
Financial assets	7	2,418,932	3,390,020
Fixed assets		4,597,010	6,811,896
Manufactured goods and goods for resale		78,129,805	62,505,056
Prepayments for goods		4,435,119	4,395,781
Inventories		82,564,924	66,900,837
Trade receivables		17,995,667	31,541,747
Other receivables	8	20,522,331	16,192,904
Joint taxation contribution receivable		1,106,121	0
Prepayments	9	832,305	1,201,849
Receivables		40,456,424	48,936,500
Cash		23,573,937	9,540,445
Current assets		146,595,285	125,377,782
Assets		151,192,295	132,189,678

Equity and liabilities

	Notes	2022 DKK	2021 DKK
Contributed capital		1,010,100	1,010,100
Reserve for fair value adjustments of hedging instruments		4,389,089	1,360,065
Reserve for net revaluation according to the equity method		1,862,632	2,833,721
Retained earnings		52,920,961	76,115,329
Proposed extraordinary dividend		35,000,000	0
Equity		95,182,782	81,319,215
Deferred tax	10	673,000	450,000
Provisions		673,000	450,000
Bank loans		35,265	61,691
Prepayments received from customers		0	1,588,790
Trade payables		45,432,040	34,928,039
Payables to group enterprises		5,520,903	5,552,132
Tax payable		0	2,371,763
Other payables		4,348,305	5,918,048
Current liabilities other than provisions		55,336,513	50,420,463
Liabilities other than provisions		55,336,513	50,420,463
Equity and liabilities		151,192,295	132,189,678
Unrecognised rental and lease commitments	11		
Contingent liabilities	12		
Assets charged and collateral	13		
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Statement of changes in equity for 2022

	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	1,360,065	2,833,721	76,115,329	0
Extraordinary dividend paid	0	0	0	0	(51,600,000)
Exchange rate adjustments	0	0	(117,360)	0	0
Value adjustments	0	3,883,364	0	0	0
Tax of entries on equity	0	(854,340)	0	0	0
Dividends from group enterprises	0	0	(1,631,885)	1,631,885	0
Profit/loss for the year	0	0	778,156	(24,826,253)	86,600,000
Equity end of year	1,010,100	4,389,089	1,862,632	52,920,961	35,000,000

	Total DKK
Equity beginning of year	81,319,215
Extraordinary dividend paid	(51,600,000)
Exchange rate adjustments	(117,360)
Value adjustments	3,883,364
Tax of entries on equity	(854,340)
Dividends from group enterprises	0
Profit/loss for the year	62,551,903
Equity end of year	95,182,782

Notes

1 Staff costs

	2022	2021
	DKK	DKK
Wages and salaries	32,654,183	29,793,428
Pension costs	2,332,267	2,110,078
Other social security costs	559,233	485,772
Other staff costs	322,685	104,460
	35,868,368	32,493,738
Average number of full-time employees	68	61

	Remuneration of Management 2022 DKK	Remuneration of Management 2021 DKK
Total amount for management categories	1,916,496	1,665,616
	1,916,496	1,665,616

2 Other financial income

	2022	2021
	DKK	DKK
Other interest income	128,563	99,158
Exchange rate adjustments	561,084	1,620,685
	689,647	1,719,843

3 Other financial expenses

	2022 DKK	2021 DKK
Financial expenses from group enterprises	123,635	101,813
Other interest expenses	3,078,694	2,275,569
	3,202,329	2,377,382

4 Tax on profit/loss for the year

	2022 DKK	2021 DKK
Current tax	17,393,879	19,371,763
Change in deferred tax	(301,000)	(495,000)
Adjustment concerning previous years	(137,517)	0
	16,955,362	18,876,763

5 Proposed distribution of profit and loss

	2022 DKK	2021 DKK
Extraordinary dividend distributed in the financial year	51,600,000	0
Retained earnings	10,951,903	65,990,176
	62,551,903	65,990,176

Dividend distributed after the balance sheet date

Extraordinary dividend	35,000,000	51,600,000
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6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	6,427,751
Additions	970,000
Disposals	(313,700)
Cost end of year	7,084,051
Depreciation and impairment losses beginning of year	(3,005,875)
Depreciation for the year	(2,163,798)
Reversal regarding disposals	263,700
Depreciation and impairment losses end of year	(4,905,973)
Carrying amount end of year	2,178,078

7 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	79,953	476,346
Cost end of year	79,953	476,346
Revaluations beginning of year	2,833,721	0
Exchange rate adjustments	(117,360)	0
Share of profit/loss for the year	778,157	0
Dividend	(1,631,885)	0
Revaluations end of year	1,862,633	0
Carrying amount end of year	1,942,586	476,346

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

8 Other receivables

Other receivables 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 31.12.2022 amounts to DKK 5.627 K.

9 Prepayments

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

10 Deferred tax

	2022 DKK	2021 DKK
Changes during the year		
Beginning of year	(450,000)	2,252,000
Recognised in the income statement	301,000	495,000
Recognised directly in equity	(854,340)	(3,197,000)
Adjustment concerning previous years	330,340	0
End of year	(673,000)	(450,000)

11 Unrecognised rental and lease commitments

	2022 DKK	2021 DKK
Liabilities under rental or lease agreements until maturity in total	3,478,350	3,951,564

12 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.

13 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 17,996k
Inventories	DKK 82,565k
Intellectual property rights	DKK 0k
Operating equipment	DKK 2,178k

The company has given payment guarantees for a total amount DKK 5.212k.

14 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.

15 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.

16 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.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary 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 ordinary 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	3-5 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.

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 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.

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.

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.

Tax receivable or payable

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

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.