Deloitte.

Goodiebox ApS

Artillerivej 86, 5.
2300 Copenhagen S
CVR No. 34087288

Annual report 01.06.2019 - 31.05.2020

The Annual General Meeting adopted the annual report on 29.12.2020

Rasmus Schmiegelow
Chairman of the General Meeting

Contents

Entity details

Entity
Goodiebox ApS
Artillerivej 86, 5.
2300 Copenhagen S

CVR No.: 34087288
Registered office: Copenhagen
Financial year: 01.06.2019 - 31.05.2020

Board of Directors
Morten Qvist Strunge, Chairman
Nikolaj Leonhard-Hjorth
Rasmus Schmiegelow
Christian Læsø Jensen

Executive Board
Rasmus Schmiegelow, CEO

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P. O. Box 1600
0900 Copenhagen C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Goodiebox ApS for the financial year 01.06.2019 - 31.05.2020.

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 31.05.2020 and of the results of its operations for the financial year 01.06.2019 - 31.05.2020.

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, 29.12.2020

Executive Board

Rasmus Schmiegelow
CEO

Board of Directors

Morten Qvist Strunge
Chairman

Nikolaj Leonhard-Hjorth

Rasmus Schmiegelow

Christian Læsø Jensen

Independent auditor's report

To the shareholders of Goodiebox ApS

Opinion

We have audited the financial statements of Goodiebox ApS for the financial year 01.06.2019 - 31.05.2020, 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 31.05.2020 and of the results of its operations for the financial year 01.06.2019 - 31.05.2020 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 of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

With effect from the current financial year, the company has been appointed auditors. We must point out that the comparative figures 2018/19 in the financial statements were subject to an extended review and have therefore not been audited in accordance with the international auditing standards. We did not modify our opinion in this respect.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 29.12.2020

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Claus Jorch Andersen
State Authorised Public Accountant
Identification No (MNE) mne33712

Management commentary

Primary activities
Goodiebox is a happiness company providing its community of members with subscriptions on beauty boxes, related non-subscription based products as well as its self-produced beauty products.

Development in activities and finances
The loss after tax for the period of DKK 34,217 thousand (compared to DKK 22,479 thousand in the previous period) is as expected in a year where the business has grown significantly due to new investments in existing and new markets. The number of members has increased with nearly a factor of three compared to the previous period.

The development of the Company is in accordance with the business plan. During the period, the Company has successfully entered five new competitive markets (Sweden, Finland, Switzerland, Austria and Germany) and almost tripled its member base on current and past subscriptions, which provides a strong foundation for future European growth as well as retaining the leading position in Denmark, Norway, the Netherlands and Belgium.

On 11 March 2020, the World Health Organization elevated the public health emergency caused by the outbreak of the coronavirus (Covid-19) to an international pandemic. The rapidly unfolding events, both nationally and internationally, represent an unprecedented health crisis, which has and will continue to impact the macroeconomic environment and business development. The Company is taking appropriate steps to address the situation and minimise its impact, considering that this is a temporary situation which, according to the most recent estimates and the cash position to date, does not compromise the use of the going concern principle. Due to the pandemic and the uncertainties caused by it, the Company changed its strategy from hypergrowth to profitable growth.

At the end of the period, the cash position was DKK 12,346 thousand.

Uncertainty relating to recognition and measurement
As the Company is a development company, there is a natural uncertainty associated with the measurement of the Company's development activities and future earnings. At 31 May 2020, the Company has recognised DKK 2,197 thousand regarding ongoing development projects and DKK 3,132 thousand regarding completed developments projects. Furthermore DKK 19,277 thousand has been recognised as deferred tax assets. The value of the development projects and tax assets depends on the Company's ability to develop, market and sell subscriptions and own beauty products at a profitable level. Management believes that the Company will realize the implementation of its plans within a foreseeable future. Accordingly, Management has deemed the valuation sound. If the Company's sales and growth deviate significantly from the current plans, there may be uncertainty associated with the valuation.

Unusual circumstances affecting recognition and measurement
Material errors in prior years

During the financial year, the Company found material errors concerning revenue recognition (overstated prior years), provisions for loyalty points (not recognized prior years) and accrued cost (understated prior years). In accordance with the rules for correcting material misstatements the adjustments are corrected in the opening balance. The errors have had a total negative effect on equity of DKK 10,023 thousand as at 31 May 2019.

Changes in accounting estimates

As described in the accounting policies 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. In the previous years, management approached the deferred tax assets conservatively by not including them during the time of focus on hypergrowth. This year, after a successful strategic transformation to profitable growth, management has provided a business plan based on recent track record that allows for the usage of the deferred tax assets within 3-4 years and therefore it is included for the first time in the financial report for this period.

Hence, the full value of tax assets of DKK 19,277 thousand have been recognized in the current year.

Outlook

The main objective for the Company in the coming period is to manifest the position as European market leader within beauty subscription boxes and continue to significantly grow its international member base. The Company will continue to focus on profitable growth as opposed to the previous focus on hypergrowth, and as part of this ambition there is a dedicated focus on international expansion and attracting top talent.

Therefore, the Company expects to increase its European member base with mid-double digit growth percentage in the coming period.

The management has instigated appropriate changes to the hiring, spending and marketing activities to respond to current events and the trajectories expect the cash runway to last well beyond this period. Due to the significant uncertainty related to wider global conditions, the impact on the Company's revenue and cost base in the current markets, the above-mentioned guidance is understandably connected with material uncertainty.

Events after the balance sheet date

The continued outbreak of Covid-19 will lead to several precautions that will affect the planning and execution of day-to-day operations, and the Company's suppliers, business partners and members may be affected as well. Their financial impact cannot be determined at this stage. However, the management evaluate the situation from day to day, and adapt where needed. To make sure that the pandemic will not affect the possibilities to invest in the Company's continued profitable growth, the parent company Goodiebox Holding ApS raised additional capital in July 2020.

Other than that, no material events have occurred after the balance sheet date to this date, which would influence the annual report.

Income statement for 2019/20

	Notes	2019/20 DKK	2018/19 DKK
Gross profit/loss		**(14,006,555)**	**485,360**
Staff costs	3	(44,434,241)	(14,233,357)
Depreciation, amortisation and impairment losses	4	(1,388,300)	(605,587)
Operating profit/loss		**(59,829,096)**	**(14,353,584)**
Income from investments in group enterprises		7,765,453	(7,272,453)
Other financial income	5	311,623	31,723
Other financial expenses	6	(1,741,942)	(884,881)
Profit/loss before tax		**(53,493,962)**	**(22,479,195)**
Tax on profit/loss for the year	7	19,277,000	0
Profit/loss for the year		**(34,216,962)**	**(22,479,195)**
Proposed distribution of profit and loss			
Retained earnings		(34,216,962)	(22,479,195)
Proposed distribution of profit and loss		**(34,216,962)**	**(22,479,195)**

Balance sheet at 31.05.2020

Assets

	Notes	2019/20 DKK	2018/19 DKK
Completed development projects	9	3,132,094	1,538,469
Development projects in progress	9	2,196,651	0
Intangible assets	8	**5,328,745**	**1,538,469**
Other fixtures and fittings, tools and equipment		1,224,560	889,325
Property, plant and equipment	10	**1,224,560**	**889,325**
Investments in group enterprises		0	0
Deposits		821,476	389,861
Deferred tax		19,277,000	0
Other financial assets	11	**20,098,476**	**389,861**
Fixed assets		**26,651,781**	**2,817,655**
Manufactured goods and goods for resale		32,457,189	10,192,344
Prepayments for goods		19,030,137	15,458,661
Inventories		**51,487,326**	**25,651,005**
Trade receivables		300,381	113,393
Receivables from group enterprises		18,733,990	1,296,279
Other receivables		1,322,381	2,213,770
Prepayments		107,666	622,689
Receivables		**20,464,418**	**4,246,131**
Cash		**12,345,966**	**15,635,156**
Current assets		**84,297,710**	**45,532,292**
Assets		**110,949,491**	**48,349,947**

Equity and liabilities

	Notes	2019/20 DKK	2018/19 DKK
Contributed capital		120,931	119,115
Reserve for development expenditure		4,156,421	1,200,006
Retained earnings		(1,188,615)	10,986,578
Equity		**3,088,737**	**12,305,699**
Other provisions		4,397,968	1,675,322
Provisions		**4,397,968**	**1,675,322**
Debt to other credit institutions		14,444,546	7,575,000
Other payables		2,709,421	0
Non-current liabilities other than provisions	12	**17,153,967**	**7,575,000**
Current portion of non-current liabilities other than provisions	12	700,391	425,000
Bank loans		13,748,285	0
Prepayments received from customers		10,751,941	5,173,544
Trade payables		42,363,086	19,099,247
Payables to group enterprises		345,799	0
Other payables	13	18,399,317	2,096,135
Current liabilities other than provisions		**86,308,819**	**26,793,926**
Liabilities other than provisions		**103,462,786**	**34,368,926**
Equity and liabilities		**110,949,491**	**48,349,947**
Uncertainty relating to recognition and measurement	1		
Change in accounting estimates	2		
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Assets charged and collateral	16		
Group relations	17		

Statement of changes in equity for 2019/20

	Contributed capital DKK	Share premium DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	119,115	0	1,200,006	21,009,430	22,328,551
Corrections of material errors	0	0	0	(10,022,852)	(10,022,852)
Adjusted equity, beginning of year	**119,115**	**0**	**1,200,006**	**10,986,578**	**12,305,699**
Increase of capital	1,816	4,998,184	0	0	5,000,000
Transferred from share premium	0	(4,998,184)	0	4,998,184	0
Group contributions etc	0	0	0	20,000,000	20,000,000
Transfer to reserves	0	0	2,956,415	(2,956,415)	0
Profit/loss for the year	0	0	0	(34,216,962)	(34,216,962)
Equity end of year	**120,931**	**0**	**4,156,421**	**(6,186,799)**	**3,088,737**

Goodiebox ApS has received group contribution of DKK 20,000 k in 2019/20 from Goodiebox Holding ApS.

Notes

1 Uncertainty relating to recognition and measurement

As the Company is a development company, there is a natural uncertainty associated with the measurement of the Company's development activities and future earnings. At 31 May 2020, the Company has recognised DKK 2,197 thousand regarding ongoing development projects and DKK 3,132 thousand regarding completed developments projects. Furthermore DKK 19,277 thousand has been recognised as deferred tax assets. The valueof the development projects and tax assets depends on the Company's ability to develop, market and sell subscriptions and own beauty products at a profitable level. Management believes that the Company will realize the implementation of its plans within a foreseeable future. Accordingly, Management has deemed the valuation sound. If the Company's sales and growth deviate significantly from the current plans, there may be uncertainty associated with the valuation.

2 Change in accounting estimates

As described in the accounting policies 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. In the previous years, management approached the deferred tax assets conservatively by not including them during the time of focus on hypergrowth. This year, after a successful strategic transformation to profitable growth, management has provided a business plan based on recent track record that allows for the usage of the deferred tax assets within 3-4 years and therefore it is included for the first time in the financial report for this period.

Hence, the full value of tax assets of DKK 19,277 thousand have been recognized in the current year.

3 Staff costs

	2019/20 DKK	2018/19 DKK
Wages and salaries	41,122,799	12,503,508
Pension costs	36,900	43,783
Other social security costs	1,108,231	210,567
Other staff costs	4,248,475	1,475,499
	46,516,405	**14,233,357**
Staff costs classified as assets	(2,082,164)	0
	44,434,241	**14,233,357**
Average number of full-time employees	**86**	**33**

4 Depreciation, amortisation and impairment losses

	2019/20 DKK	2018/19 DKK
Amortisation of intangible assets	1,022,297	457,165
Depreciation of property, plant and equipment	366,003	148,422
	1,388,300	**605,587**

5 Other financial income

	2019/20 DKK	2018/19 DKK
Other interest income	22,601	31,723
Exchange rate adjustments	289,022	0
	311,623	**31,723**

6 Other financial expenses

	2019/20 DKK	2018/19 DKK
Other interest expenses	1,008,949	500,425
Exchange rate adjustments	719,568	144,610
Other financial expenses	13,425	239,846
	1,741,942	**884,881**

7 Tax on profit/loss for the year

	2019/20 DKK	2018/19 DKK
Change in deferred tax	(19,277,000)	0
	(19,277,000)	**0**

8 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	2,676,709	0
Additions	2,615,922	2,196,651
Cost end of year	**5,292,631**	**2,196,651**
Amortisation and impairment losses beginning of year	(1,138,240)	0
Amortisation for the year	(1,022,297)	0
Amortisation and impairment losses end of year	**(2,160,537)**	**0**
Carrying amount end of year	**3,132,094**	**2,196,651**

9 Development projects

Capitalized development costs include development of IT infrastructure, development and optimisation of member databases, as well as development of Webshop etc.

There is continuous development and adjustments in order to continue the growth and expansion of the company. The projects are continuously completed and put to use, after which amortisation is commenced.

With reference to section 83(2) of the Danish Financial Statement Act, deferred tax is set off against the capitalised costs for development projects in the reserve for development costs under equity. .

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	1,196,111
Additions	701,238
Cost end of year	**1,897,349**
Depreciation and impairment losses beginning of year	(306,786)
Depreciation for the year	(366,003)
Depreciation and impairment losses end of year	**(672,789)**
Carrying amount end of year	**1,224,560**

11 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	6,349
Additions	1,619,734
Disposals	(1,626,083)
Cost end of year	**0**
Impairment losses beginning of year	(6,349)
Reversal of impairment losses	6,349
Impairment losses end of year	**0**
Carrying amount end of year	**0**

All shares are has been transferred to Goodiebox Holding ApS at 31 may 2020.

Investments in subsidiaries	Equity interest %
Goodiebox B.V., Amsterdam, The Netherlands	85%
Goodiebox Ltd, London, United Kingdom	100
Goodiebox GmbH, Berlin, Germany	100
Boxie Oy, Helsinki, Finland	100

12 Non-current liabilities other than provisions

	Due within 12 months 2019/20 DKK	Due within 12 months 2018/19 DKK	Due after more than 12 months 2019/20 DKK	Outstanding after 5 years 2019/20 DKK
Debt to other credit institutions	700,391	425,000	14,444,546	2,457,688
Other payables	0	0	2,709,421	0
	700,391	**425,000**	**17,153,967**	**2,457,688**

13 Other payables

	2019/20 DKK	2018/19 DKK
VAT and duties	11,266,729	0
Wages and salaries, personal income taxes, social security costs, etc payable	2,811,986	897,806
Holiday pay obligation	859,962	713,730
Other costs payable	3,460,640	484,599
	18,399,317	**2,096,135**

14 Unrecognised rental and lease commitments

	2019/20 DKK	2018/19 DKK
Liabilities under rental or lease agreements until maturity in total	**904,619**	**680,000**

15 Contingent liabilities

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

16 Assets charged and collateral

As security for debt obtained from Vækstfonden, there is a registered corporate mortgage amounting to DKK 15,500k, and as security for debt obtained from Danske Bank, there is a registered corporate mortgage amounting to DKK 10,000k. The security includes goodwill, intangible assets, operating equipment and fixtures, inventories and trade receivables.

The carrying amount is DKK 59,642k (2018/19: 30,796k) .

17 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Goodiebox Holding ApS, CVR-nr. 41104651, Copenhagen.

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 certain provisions for reporting class C.

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

Material errors in previous years

During the financial year, the Company found material errors concerning revenue recognition (overstated prior years), provisions for loyalty points (not recognised prior years) and accrued cost (understated prior years). During the financial year, the Company found material errors concerning revenue recognition (overstated prior years), provisions for loyalty points (not recognized prior years) and accrued cost (understated prior years). In accordance with the rules for correcting material misstatements the adjustments are corrected in the opening balance. The errors have had a total negative effect on equity of DKK 10,023 thousand as at 31 May 2019.

Changes in accounting estimates

As described in the accounting policies 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. In the previous years, management approached the deferred tax assets conservatively by not including them during the time of focus on hypergrowth. This year, after a successful strategic transformation to profitable growth, management has provided a business plan based on recent track record that allows for the usage of the deferred tax assets within 3-4 years and therefore it is included for the first time in the financial report for this period.

Hence, the full value of tax assets of DKK 19,277 thousand have been recognized in the current year.

Recognition and measurement

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

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

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

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

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

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

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

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of goods, other operating income, cost of sales and consumables and external expenses.

Revenue

Revenue from the sale o 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.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

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

Other financial income
Other financial income comprises, interest income, net capital or exchange gains on securities, payables and transactions in foreign currencies.

Other financial expenses
Other financial expenses comprise interest expenses, 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.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

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

Balance sheet

Intellectual property rights etc
Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3-5 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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

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

Other fixtures and fittings, tools and equipment	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.

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.

However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

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.

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.

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

Cash
Cash comprises cash in hand and bank deposits.

Other provisions
Other provisions comprise anticipated costs of loyalty points
Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

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.