



Goodiebox ApS

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

Annual report 01.06.2020 - 31.05.2021

The Annual General Meeting adopted the
annual report on 28.10.2021

Rasmus Schmiegelow

Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2020/21	9
Balance sheet at 31.05.2021	10
Statement of changes in equity for 2020/21	12
Notes	13
Accounting policies	18

Entity details

Entity

Goodiebox ApS
Artillerivej 86, 5.
2300 Copenhagen S

Business Registration No.: 34087288
Registered office: Copenhagen
Financial year: 01.06.2020 - 31.05.2021

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
2300 Copenhagen S

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 01.06.2020 - 31.05.2021.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.05.2021 and of the results of its operations for the financial year 01.06.2020 - 31.05.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 28.10.2021

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 01.06.2020 - 31.05.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.05.2021 and of the results of its operations for the financial year 01.06.2020 - 31.05.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board 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.

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, 28.10.2021

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Claus Jorch Andersen

State Authorised Public Accountant

Identification No (MNE) mne33712

Management commentary

Financial highlights

	2020/21	2019/20	2018/19
	DKK'000	DKK'000	DKK'000
Key figures			
Gross profit/loss	26,203	(14,007)	485
Operating profit/loss	(33,610)	(59,829)	(14,354)
Net financials	(4,153)	(1,430)	(853)
Profit/loss for the year	(33,763)	(34,217)	(22,479)
Total assets	139,744	101,050	48,350
Investments in property, plant and equipment	164	701	915
Equity	22,326	3,089	12,306
Ratios			
Equity ratio (%)	15.98	3.06	25.45

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

Equity ratio (%):

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

Total assets

Primary activities

Goodiebox is a happy moments company providing its community of members with subscriptions on beauty boxes, related non-subscription based products as well as its own beauty products.

Development in activities and finances

The loss after tax for the period of DKK 33,763 thousand (compared to DKK 34,217 thousand in the previous period) is as expected in a year where the business has grown significantly due to new investments in existing markets. Revenue has increased with 50% compared to the previous period.

The development of the Company is in accordance with the business plan. During the period, the Company has increased its gross profit with DKK 40,210 thousand compared to the previous period, which provides a strong foundation for future European growth as well as retaining the leading position in Denmark, Norway, Finland, the Netherlands and Belgium.

The balance sheet shows equity of DKK 22,326 thousand and at the end of the period, the cash position was DKK 14,045 thousand.

Profit/loss for the year in relation to expected developments

Factoring in the effects of COVID-19 the profit/loss of the year is in line with management's expectations and the Company's business plan.

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 2021, the Company has recognised DKK 561 thousand regarding ongoing development projects and DKK 10,051 thousand regarding completed developments projects. Furthermore DKK 23,277 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.

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 revenue and gross profit. 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.

The management expects a minor operating profit.

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.

Income statement for 2020/21

	Notes	2020/21 DKK	2019/20 DKK
Gross profit/loss		26,202,985	(14,006,555)
Staff costs	3	(55,872,234)	(44,434,241)
Depreciation, amortisation and impairment losses	4	(3,940,330)	(1,388,300)
Operating profit/loss		(33,609,579)	(59,829,096)
Income from investments in group enterprises		0	7,765,453
Other financial income	5	0	311,623
Other financial expenses	6	(4,153,321)	(1,741,942)
Profit/loss before tax		(37,762,900)	(53,493,962)
Tax on profit/loss for the year	7	4,000,000	19,277,000
Profit/loss for the year	8	(33,762,900)	(34,216,962)

Balance sheet at 31.05.2021

Assets

	Notes	2020/21 DKK	2019/20 DKK
Completed development projects	10	10,050,634	3,132,094
Development projects in progress	10	561,358	2,196,651
Intangible assets	9	10,611,992	5,328,745
Other fixtures and fittings, tools and equipment		824,571	1,224,560
Property, plant and equipment	11	824,571	1,224,560
Deposits		841,346	821,476
Deferred tax	13	23,277,000	19,277,000
Financial assets	12	24,118,346	20,098,476
Fixed assets		35,554,909	26,651,781
Manufactured goods and goods for resale		40,629,710	32,457,189
Prepayments for goods		8,060,751	9,130,881
Inventories		48,690,461	41,588,070
Trade receivables		14,921,150	10,471,545
Receivables from group enterprises		23,077,647	18,733,990
Other receivables		285,737	1,322,381
Prepayments	14	3,168,623	107,666
Receivables		41,453,157	30,635,582
Cash		14,045,199	2,174,802
Current assets		104,188,817	74,398,454
Assets		139,743,726	101,050,235

Equity and liabilities

	Notes	2020/21 DKK	2019/20 DKK
Contributed capital		120,931	120,931
Reserve for development expenditure		8,277,354	4,156,421
Retained earnings		13,927,552	(1,188,615)
Equity		22,325,837	3,088,737
Debt to other credit institutions		27,624,917	14,444,546
Other payables		4,807,690	2,709,421
Non-current liabilities other than provisions	15	32,432,607	17,153,967
Current portion of non-current liabilities other than provisions	15	2,548,064	700,391
Bank loans		0	13,748,285
Prepayments received from customers	16	18,726,480	15,149,909
Trade payables		32,155,205	32,463,831
Payables to group enterprises		995,756	345,799
Other payables	17	30,559,777	18,399,316
Current liabilities other than provisions		84,985,282	80,807,531
Liabilities other than provisions		117,417,889	97,961,498
Equity and liabilities		139,743,726	101,050,235
Events after the balance sheet date	1		
Uncertainty relating to recognition and measurement	2		
Contingent liabilities	18		
Assets charged and collateral	19		
Related parties with controlling interest	20		
Non-arm's length related party transactions	21		
Group relations	22		

Statement of changes in equity for 2020/21

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	120,931	4,156,421	(1,188,615)	3,088,737
Group contributions etc	0	0	53,000,000	53,000,000
Transfer to reserves	0	4,120,933	(4,120,933)	0
Profit/loss for the year	0	0	(33,762,900)	(33,762,900)
Equity end of year	120,931	8,277,354	13,927,552	22,325,837

Goodiebox ApS has received group contribution of DKK 53,000 thousand in 2020/21 from Goodiebox Holding ApS.

Notes

1 Events after the balance sheet date

No material events have occurred after the balance sheet date to this date, which would influence the annual report.

2 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 2021, the Company has recognised DKK 561 thousand regarding ongoing development projects and DKK 10,051 thousand regarding completed developments projects. Furthermore DKK 23,277 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.

3 Staff costs

	2020/21 DKK	2019/20 DKK
Wages and salaries	55,646,072	41,122,799
Pension costs	253,486	36,900
Other social security costs	1,637,803	1,108,231
Other staff costs	4,175,583	4,248,475
	61,712,944	46,516,405
Staff costs classified as assets	(5,840,710)	(2,082,164)
	55,872,234	44,434,241
Average number of full-time employees	101	86

With reference to section 98b (3)(2) of the Danish Financial Statements Act, the remuneration to Management has not been disclosed separately.

4 Depreciation, amortisation and impairment losses

	2020/21 DKK	2019/20 DKK
Amortisation of intangible assets	2,485,780	1,022,297
Impairment losses on intangible assets	890,543	0
Depreciation of property, plant and equipment	564,007	366,003
	3,940,330	1,388,300

5 Other financial income

	2020/21 DKK	2019/20 DKK
Other interest income	0	22,600
Exchange rate adjustments	0	289,023
	0	311,623

6 Other financial expenses

	2020/21 DKK	2019/20 DKK
Other interest expenses	3,732,316	1,008,949
Exchange rate adjustments	311,690	719,568
Other financial expenses	109,315	13,425
	4,153,321	1,741,942

7 Tax on profit/loss for the year

	2020/21 DKK	2019/20 DKK
Change in deferred tax	(4,000,000)	(19,277,000)
	(4,000,000)	(19,277,000)

8 Proposed distribution of profit and loss

	2020/21 DKK	2019/20 DKK
Retained earnings	(33,762,900)	(34,216,962)
	(33,762,900)	(34,216,962)

9 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	5,292,631	2,196,651
Transfers	1,894,621	(1,894,621)
Additions	8,400,242	259,328
Disposals	(1,186,488)	0
Cost end of year	14,401,006	561,358
Amortisation and impairment losses beginning of year	(2,160,537)	0
Impairment losses for the year	(890,543)	0
Amortisation for the year	(2,485,780)	0
Reversal regarding disposals	1,186,488	0
Amortisation and impairment losses end of year	(4,350,372)	0
Carrying amount end of year	10,050,634	561,358

10 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. .

11 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	1,897,349
Additions	164,018
Cost end of year	2,061,367
Depreciation and impairment losses beginning of year	(672,789)
Depreciation for the year	(564,007)
Depreciation and impairment losses end of year	(1,236,796)
Carrying amount end of year	824,571

12 Financial assets

	Deposits DKK	Deferred tax DKK
Cost beginning of year	821,476	19,277,000
Additions	19,870	4,000,000
Cost end of year	841,346	23,277,000
Carrying amount end of year	841,346	23,277,000

13 Deferred tax

	2020/21 DKK
Intangible assets	(2,335,000)
Property, plant and equipment	(54,000)
Tax losses carried forward	25,578,000
Other deductible temporary differences	88,000
Deferred tax	23,277,000

	2020/21
	DKK
Changes during the year	
Beginning of year	19,277,000
Recognised in the income statement	4,000,000
End of year	23,277,000

The value of the 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.

The Company has DKK 4,362 thousand in contingent asset, which is related to tax losses carried forward.

14 Prepayments

Prepayments comprise incurred cost relating to subsequent financial years such as subscriptions, membership fees, service agreements and insurance

15 Non-current liabilities other than provisions

	Due within 12 months 2020/21 DKK	Due within 12 months 2019/20 DKK	Due after more than 12 months 2020/21 DKK	Outstanding after 5 years 2020/21 DKK
Debt to other credit institutions	2,548,064	700,391	27,624,917	2,832,488
Other payables	0	0	4,807,690	0
	2,548,064	700,391	32,432,607	2,832,488

16 Prepayments received from customers

Prepayments received from customers comprises received income for recognition in subsequent financial year and Goodiepoints.

17 Other payables

	2020/21	2019/20
	DKK	DKK
VAT and duties	20,627,354	11,266,728
Wages and salaries, personal income taxes, social security costs, etc payable	2,067,969	2,811,985
Holiday pay obligation	2,854,968	859,962
Other costs payable	5,009,486	3,460,641
	30,559,777	18,399,316

18 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.

19 Assets charged and collateral

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

The carrying amount is DKK 76,175 thousand (2019/20: 70,656 thousand) .

20 Related parties with controlling interest

Goodiebox Holding ApS, CVR-nr. 41104651, Copenhagen owns all shares in the Entity, thus exercising control.

21 Non-arm's length related party transactions

Goodiebox ApS has received group contribution of DKK 53,000 thousand from Goodiebox Holding ApS. Other than the group contribution no other related party transactions have been conducted on a non-arm's length basis in the financial year.

22 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 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.

Recognition and measurement

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

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

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

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

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

Foreign currency translation

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

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

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Gross profit or loss

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

Revenue

Revenue from the sale of 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:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0 %

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.

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.

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

With reference to section 86 (4) of the Danish Financial Statements Act, the cash flow statement has not been prepared.