



Goodiebox ApS

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

Annual report 01.06.2021 - 31.05.2022

The Annual General Meeting adopted the
annual report on 30.11.2022

Rasmus Schmiegelow
Chairman of the General Meeting

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Entity details

Entity

Goodiebox ApS
Artillerivej 86, 5.
2300 Copenhagen S

Business Registration No.: 34087288
Registered office: Copenhagen
Financial year: 01.06.2021 - 31.05.2022

Board of Directors

Morten Qvist Strunge, chairman
Nikolaj Leonhard-Hjorth
Rasmus Schmiegelow
Claus Zibrandtsen
Negin Yeganegy
Joel Palix

Executive Board

Rasmus Schmiegelow

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 01.06.2021 - 31.05.2022.

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 31.05.2022 and of the results of its operations for the financial year 01.06.2021 - 31.05.2022.

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.

Copenhagen, 30.11.2022

Executive Board

Rasmus Schmiegelow

Board of Directors

Morten Qvist Strunge
chairman

Nikolaj Leonhard-Hjorth

Rasmus Schmiegelow

Claus Zibrandtsen

Negin Yeganegy

Joel Palix

Independent auditor's report

To the shareholders of Goodiebox ApS

Opinion

We have audited the financial statements of Goodiebox ApS for the financial year 01.06.2021 - 31.05.2022, 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 31.05.2022 and of the results of its operations for the financial year 01.06.2021 - 31.05.2022 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.

Copenhagen, 30.11.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Claus Jorch Andersen

State Authorised Public Accountant
Identification No (MNE) mne33712

Anders Theilgaard Iversen

State Authorised Public Accountant
Identification No (MNE) mne47797

Management commentary

Financial highlights

	2021/22	2020/21	2019/20	2018/19
	DKK'000	DKK'000	DKK'000	DKK'000
Key figures				
Gross profit/loss	24,088	26,203	(14,007)	485
Operating profit/loss	(28,979)	(33,610)	(59,829)	(14,354)
Net financials	(1,579)	(4,153)	(1,430)	(853)
Profit/loss for the year	(36,979)	(33,763)	(34,217)	(22,479)
Total assets	120,837	130,860	101,050	48,350
Investments in property, plant and equipment	259	164	701	915
Equity	19,347	22,326	3,089	12,306
Ratios				
Equity ratio (%)	16.01	17.06	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 36,979 thousand (compared to DKK 33,763 thousand in the previous period).

The Company's gross profit decreased in the period with DKK 2,115 thousand compared to the previous period, while Operating result and Loss before tax both improved with respectively DKK 4,630 thousand and DKK 7,204 thousand. During 2022 the Company has expanded its geographical footprint to four additional European countries (France, Poland, Italy and Spain) and is now present in 13 markets whereof the Company holds a leading position in five of them.

The balance sheet shows equity of DKK 19,347 thousand and at the end of the period, the cash position was DKK 1.937 thousand. Considering recent track record and current credit facilities etc. management considers the cash position to be appropriate to support current business plans.

Profit/loss for the year in relation to expected developments

Factoring in the effects of increasing inflation and adjustments entailed due to Covid-19 the operating income of the year is more in line with management's expectations and the Company's business plan but still below expectations.

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 2022, the Company has recognised DKK 561 thousand regarding ongoing development projects and DKK 9,621 thousand regarding completed developments projects. Furthermore DKK 15,800 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.

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. Entailed by the latest updated business plan and based on recent track record considering short term impact from inflation etc. the amount of deferred tax assets with expected usage within 3-4 years has resulted in a decrease deferred tax asset of DKK 7,5m.

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 grow sustainably its revenue and operating profit. The Company will focus on profitability as opposed to growth at all costs but will continue to expand its market coverage through international expansion.

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.

Management expects a significant improvement in income for the coming year but still negative expectations to operating loss in the range of DKK 10m.

Research and development activities

The Company conducts research and development of software on an ongoing basis. Management plans to keep making investments into these activities. The purpose of these investments is to ensure, that the Company will be able to achieve the goals of growth and expand its market position in the years to come.

Events after the balance sheet date

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

Income statement for 2021/22

	Notes	2021/22 DKK	2020/21 DKK
Gross profit/loss		24,087,988	26,202,985
Staff costs	3	(48,738,735)	(55,872,235)
Depreciation, amortisation and impairment losses	4	(4,328,386)	(3,940,329)
Operating profit/loss		(28,979,133)	(33,609,579)
Other financial income	5	665,247	0
Financial expenses from group enterprises		0	(500,063)
Other financial expenses	6	(2,244,554)	(3,653,258)
Profit/loss before tax		(30,558,440)	(37,762,900)
Tax on profit/loss for the year	7	(6,420,498)	4,000,000
Profit/loss for the year	8	(36,978,938)	(33,762,900)

Balance sheet at 31.05.2022

Assets

	Notes	2021/22 DKK	2020/21 DKK
Completed development projects	10	9,621,274	10,050,635
Development projects in progress	10	561,358	561,358
Intangible assets	9	10,182,632	10,611,993
Other fixtures and fittings, tools and equipment		531,108	824,571
Property, plant and equipment	11	531,108	824,571
Deposits		835,792	841,346
Deferred tax	13	15,800,000	23,277,000
Financial assets	12	16,635,792	24,118,346
Fixed assets		27,349,532	35,554,910
Manufactured goods and goods for resale		63,455,986	40,629,710
Prepayments for goods		879,906	8,060,750
Inventories		64,335,892	48,690,460
Trade receivables		13,567,782	14,921,151
Receivables from group enterprises		12,029,403	14,194,081
Other receivables		823,880	285,737
Prepayments	14	794,187	3,168,623
Receivables		27,215,252	32,569,592
Cash		1,936,610	14,045,198
Current assets		93,487,754	95,305,250
Assets		120,837,286	130,860,160

Equity and liabilities

	Notes	2021/22 DKK	2020/21 DKK
Contributed capital		120,931	120,931
Reserve for development expenditure		7,942,451	8,277,354
Retained earnings		11,283,517	13,927,552
Equity		19,346,899	22,325,837
Bank loans		3,333,333	0
Debt to other credit institutions		10,637,576	12,203,239
Other payables		9,127,430	4,807,690
Non-current liabilities other than provisions	15	23,098,339	17,010,929
Current portion of non-current liabilities other than provisions	15	3,394,774	2,548,064
Bank loans		8,475,316	0
Prepayments received from customers	16	8,814,810	18,726,479
Trade payables		39,454,360	32,155,205
Payables to group enterprises		1,383,059	7,533,869
Other payables	17	16,869,729	30,559,777
Current liabilities other than provisions		78,392,048	91,523,394
Liabilities other than provisions		101,490,387	108,534,323
Equity and liabilities		120,837,286	130,860,160
Events after the balance sheet date	1		
Uncertainty relating to recognition and measurement	2		
Unrecognised rental and lease commitments	18		
Contingent liabilities	19		
Assets charged and collateral	20		
Related parties with controlling interest	21		
Non-arm's length related party transactions	22		
Group relations	23		

Statement of changes in equity for 2021/22

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	120,931	8,277,354	13,927,552	22,325,837
Group contributions etc	0	0	34,000,000	34,000,000
Transfer to reserves	0	(334,903)	334,903	0
Profit/loss for the year	0	0	(36,978,938)	(36,978,938)
Equity end of year	120,931	7,942,451	11,283,517	19,346,899

Goodiebox ApS has received group contribution of DKK 34,000 thousand in 2021/22 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 2022, the Company has recognised DKK 561 thousand regarding ongoing development projects and DKK 9,621 thousand regarding completed developments projects. Furthermore DKK 15,800 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.

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. Entailed by the latest updated business plan and based on recent track record considering short term impact from inflation etc. the amount of deferred tax assets with expected usage within 3-4 years has resulted in a decrease deferred tax asset of DKK 7,5m.

3 Staff costs

	2021/22	2020/21
	DKK	DKK
Wages and salaries	46,165,031	55,646,072
Pension costs	347,281	253,486
Other social security costs	1,309,174	1,637,803
Other staff costs	3,636,848	4,175,583
	51,458,334	61,712,944
Staff costs classified as assets	(2,719,599)	(5,840,709)
	48,738,735	55,872,235
Average number of full-time employees	90	101

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

	2021/22	2020/21
	DKK	DKK
Amortisation of intangible assets	3,776,175	2,485,779
Impairment losses on intangible assets	0	890,543
Depreciation of property, plant and equipment	552,211	564,007
	4,328,386	3,940,329

5 Other financial income

	2021/22	2020/21
	DKK	DKK
Exchange rate adjustments	665,247	0
	665,247	0

6 Other financial expenses

	2021/22	2020/21
	DKK	DKK
Other interest expenses	1,317,487	3,232,253
Exchange rate adjustments	0	311,690
Other financial expenses	927,067	109,315
	2,244,554	3,653,258

7 Tax on profit/loss for the year

	2021/22	2020/21
	DKK	DKK
Change in deferred tax	7,477,000	(4,000,000)
Adjustment concerning previous years	(1,056,502)	0
	6,420,498	(4,000,000)

8 Proposed distribution of profit and loss

	2021/22	2020/21
	DKK	DKK
Retained earnings	(36,978,938)	(33,762,900)
	(36,978,938)	(33,762,900)

9 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	14,401,006	561,358
Additions	3,346,814	0
Cost end of year	17,747,820	561,358
Amortisation and impairment losses beginning of year	(4,350,371)	0
Amortisation for the year	(3,776,175)	0
Amortisation and impairment losses end of year	(8,126,546)	0
Carrying amount end of year	9,621,274	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	2,061,367
Additions	258,748
Cost end of year	2,320,115
Depreciation and impairment losses beginning of year	(1,236,796)
Depreciation for the year	(552,211)
Depreciation and impairment losses end of year	(1,789,007)
Carrying amount end of year	531,108

12 Financial assets

	Deposits DKK	Deferred tax DKK
Cost beginning of year	841,346	23,277,000
Additions	21,150	0
Disposals	(26,704)	0
Cost end of year	835,792	23,277,000
Impairment losses for the year	0	(7,477,000)
Impairment losses end of year	0	(7,477,000)
Carrying amount end of year	835,792	15,800,000

13 Deferred tax

	2021/22 DKK
Intangible assets	(2,240,000)
Property, plant and equipment	21,000
Tax losses carried forward	17,931,000
Other deductible temporary differences	88,000
Deferred tax	15,800,000

	2021/22 DKK
Changes during the year	
Beginning of year	23,277,000
Recognised in the income statement	(7,477,000)
End of year	15,800,000

Deferred tax assets

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 15,955 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 2021/22 DKK	Due within 12 months 2020/21 DKK	Due after more than 12 months 2021/22 DKK	Outstanding after 5 years 2021/22 DKK
Bank loans	1,666,667	0	3,333,333	0
Debt to other credit institutions	1,728,107	2,548,064	10,637,576	0
Other payables	0	0	9,127,430	327,282
	3,394,774	2,548,064	23,098,339	327,282

16 Prepayments received from customers

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

17 Other payables

	2021/22 DKK	2020/21 DKK
VAT and duties	7,141,288	20,627,352
Wages and salaries, personal income taxes, social security costs, etc payable	1,598,523	2,067,969
Holiday pay obligation	1,865,904	2,854,968
Other costs payable	6,264,014	5,009,488
	16,869,729	30,559,777

18 Unrecognised rental and lease commitments

	2021/22 DKK	2020/21 DKK
Liabilities under rental or lease agreements until maturity in total	999,470	1,037,443

19 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.

20 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 securities are a joint security, which includes goodwill, intangible assets, operating equipment and fixtures, inventories and trade receivables.

The carrying amount is DKK 90,277 thousand (2020/21: 76,175 thousand) .

21 Related parties with controlling interest

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

22 Non-arm's length related party transactions

Goodiebox ApS has received group contribution of DKK 34,000 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.

23 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).

Changes in accounting policies

In the comparative figures an amount of DKK 15,422 thousand has been reclassified from “debt to other credit institutions” to “payables to group enterprises”. The change in classification has no effect on the net profit or loss and equity for last year or current year. The balance sheet total in comparative figures have been reduced by DKK 8,884 thousand since the reclassification amount is partly offset against receivables from group enterprises. The reason for the reclassification is due to the fact that some loans recognized last year was with Goodiebox Holding ApS as the legal debtor.

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.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

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

Other financial income

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

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

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
	Years	%
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.