

House of Cosmetics A/S

Gl. Skartved 11
6091 Bjert
CVR No. 36023449

Annual report 2021

The Annual General Meeting adopted the
annual report on 22.06.2022

Tina Søgaard

Chairman of the General Meeting

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Entity details

Entity

House of Cosmetics A/S

Gl. Skartved 11

6091 Bjert

Business Registration No.: 36023449

Registered office: Kolding

Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Tina Søgaard, chairman

Henning Bröchner

Henrik Aaen Kastberg

Executive Board

Henrik Aaen Kastberg, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of House of Cosmetics A/S for the financial year 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

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.

Bjert, 22.06.2022

Executive Board

Henrik Aaen Kastberg
CEO

Board of Directors

Tina Søgaard
chairman

Henning Bröchner

Henrik Aaen Kastberg

Independent auditor's report

To the shareholders of House of Cosmetics A/S

Opinion

We have audited the financial statements of House of Cosmetics A/S for the financial year 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 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 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.

Kolding, 22.06.2022

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Lars Ørum Nielsen

State Authorised Public Accountant

Identification No (MNE) mne26771

Management commentary

Primary activities

Since its inception, House of Cosmetics has developed private label beauty products for a number of Nordic brand companies. Tina Søgaaard, who has been working in the industry since 2001, launched the company in 2013. Today we are producing and purchasing a broad range of products within facial care, makeup, body care, hair care, special care and certified care. The purpose has always been to develop products with natural and ecological ingredients of a quality which is of higher standard than normally seen in the private label business. We are contributing through the whole process of launching private labels from product development and production all the way to design and marketing – always respecting the wishes from our customers.

The sister company Ecooking A/S constitutes 85 – 90% of the revenue of the company, leaving limited business with external customers.

Our ambition is: “We aspire to be the most serious private label supplier in the beauty industry with the highest quality and the best service in all areas”.

We always base our work on our values: “Transparency, Honesty, Decency”.

Development in activities and finances

100% of the shares in the company were purchased by Terzo Beauty ApS on 30 March 2021. Terzo Beauty ApS is owned 70% by the Private Equity fund Bluegem and 30% by the Founder Tina Søgaaard through their combined investment vehicle Terzo D HoldCo ApS. The new owner structure was decided to support and strengthen the profitable international growth. Bluegem as a fund is specialized in lifestyle product companies and have several international beauty brands in their current and past portfolio. They bring a lot of experience growing and internationalizing lifestyle brands into the Group.

The net result for 2021 is a loss of tDKK 22,201 which is not satisfactory.

The equity of the company is TDKK minus 16,716. The shareholder is expecting to re-establish the equity by executing a planned merger with Terzo Beauty ApS and Ecooking A/S.

During summer 2021 the company implemented a new ERP system. Subsequently, the company lost visibility in the supply chain and was challenged in making the right purchase forecasts. This has led to significant growth in inventory and excess inventory by yearend, which – together with prudent examination of expiry dates and commercial viability of the inventory – has caused significant inventory writedowns at the end of 2021.

Due to the decision of discontinuing the private label part of the business taken after the balance sheet date, as mentioned below, there has been further inventory writedowns in 2021 in order to reflect less commercial value and higher uncertainty on the part of the inventory which was purchased for private label customers.

Outlook

With a renewed focus only on supporting the sister company Ecooking A/S and the planned merger between the two and the mother company to Ecooking A/S there is an expectation that 2022 will show renewed growth and significantly improved profitability.

Events after the balance sheet date

Due to the exposure to Russia for the largest customer, Ecooking A/S, the company is negatively impacted by the Russian invasion of Ukraine in February 2022. The Management of Ecooking decided to discontinue any further sales to Russia without notice. This has caused increased uncertainty for revenues and earnings in 2022, which will not have material impact for the company.

On the meeting of the Board held on 20 April 2022 it was decided to discontinue the private label part of the business and merge the company together with the sister company, Ecooking A/S and its subsidiary CSR by Ecooking ApS to a new group named Ecooking A/S with effect from 1 January 2022. This will cause significant termination costs in 2022 due to major reduction in staff for manufacturing, warehousing, customer relations and administration. The merger will re-establish the equity of the company, which is therefore reporting on a going-concern basis.

The decision of discontinuing the private label business will lead to simpler and more lean processes in the full value chain and accordingly support a renewed focus on the international growth of Ecooking.

Income statement for 2021

	Notes	2021 DKK	2020 DKK
Gross profit/loss		(7,941,945)	13,538,802
Staff costs	2	(18,812,458)	(11,098,828)
Depreciation, amortisation and impairment losses	3	(845,397)	(306,829)
Operating profit/loss		(27,599,800)	2,133,145
Other financial income	4	58,800	46,401
Other financial expenses	5	(908,462)	(146,179)
Profit/loss before tax		(28,449,462)	2,033,367
Tax on profit/loss for the year	6	6,248,000	(459,375)
Profit/loss for the year		(22,201,462)	1,573,992
Proposed distribution of profit and loss			
Ordinary dividend for the financial year		0	56,500
Retained earnings		(22,201,462)	1,517,492
Proposed distribution of profit and loss		(22,201,462)	1,573,992

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Completed development projects	8	0	73,957
Acquired patents		16,000	32,000
Acquired licences		1,130	17,724
Acquired rights		1,196,743	0
Goodwill		0	0
Intangible assets	7	1,213,873	123,681
Other fixtures and fittings, tools and equipment		2,775,908	1,256,339
Leasehold improvements		1,120,879	383,256
Property, plant and equipment	9	3,896,787	1,639,595
Deposits		228,799	90,000
Financial assets	10	228,799	90,000
Fixed assets		5,339,459	1,853,276
Raw materials and consumables		32,233,116	18,126,674
Work in progress		532,367	0
Manufactured goods and goods for resale		1,476,446	4,096,543
Prepayments for goods		260,425	1,689,647
Inventories		34,502,354	23,912,864
Trade receivables		2,253,149	2,038,777
Receivables from group enterprises		0	2,889,114
Deferred tax		6,101,000	0
Other receivables		2,729,191	64,400
Receivables from owners and management	11	0	6,610
Prepayments		273,627	203,230
Receivables		11,356,967	5,202,131
Cash		1,084,650	112,835
Current assets		46,943,971	29,227,830

Assets	52,283,430	31,081,106
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Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		400,000	400,000
Reserve for development expenditure		0	73,957
Retained earnings		(17,116,277)	5,011,228
Proposed dividend		0	56,500
Equity		(16,716,277)	5,541,685
Deferred tax		0	147,000
Provisions		0	147,000
Other payables		451,412	446,390
Non-current liabilities other than provisions	12	451,412	446,390
Bank loans		18,163,064	273,209
Deposits		1,006,517	1,019,409
Prepayments received from customers		75,701	543,109
Trade payables		10,920,439	16,420,330
Payables to group enterprises		35,903,662	0
Payables to shareholders and management		4,652	0
Joint taxation contribution payable		0	415,375
Other payables	13	2,474,260	6,274,599
Current liabilities other than provisions		68,548,295	24,946,031
Liabilities other than provisions		68,999,707	25,392,421
Equity and liabilities		52,283,430	31,081,106
Going concern	1		
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Assets charged and collateral	16		
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Statement of changes in equity for 2021

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	400,000	73,957	5,011,228	56,500	5,541,685
Ordinary dividend paid	0	0	0	(56,500)	(56,500)
Transfer to reserves	0	(73,957)	0	0	(73,957)
Dissolution of reserves	0	0	73,957	0	73,957
Profit/loss for the year	0	0	(22,201,462)	0	(22,201,462)
Equity end of year	400,000	0	(17,116,277)	0	(16,716,277)

Notes

1 Going concern

Please refer to Management commentary regarding the outlook and planned merger with the sister company - Ecooking A/S.

2 Staff costs

	2021	2020
	DKK	DKK
Wages and salaries	19,553,126	10,048,969
Pension costs	661,480	517,459
Other social security costs	483,307	221,285
Other staff costs	(1,885,455)	311,115
	18,812,458	11,098,828
Average number of full-time employees	42	27

3 Depreciation, amortisation and impairment losses

	2021	2020
	DKK	DKK
Amortisation of intangible assets	236,957	129,728
Depreciation of property, plant and equipment	597,613	177,101
Profit/loss from sale of intangible assets and property, plant and equipment	10,827	0
	845,397	306,829

4 Other financial income

	2021	2020
	DKK	DKK
Financial income from group enterprises	0	37,871
Other interest income	58,800	181
Exchange rate adjustments	0	8,349
	58,800	46,401

5 Other financial expenses

	2021 DKK	2020 DKK
Financial expenses from group enterprises	414,055	0
Other interest expenses	394,987	143,179
Exchange rate adjustments	96,170	0
Other financial expenses	3,250	3,000
	908,462	146,179

6 Tax on profit/loss for the year

	2021 DKK	2020 DKK
Current tax	0	415,375
Change in deferred tax	(6,248,000)	44,000
	(6,248,000)	459,375

7 Intangible assets

	Completed development projects DKK	Acquired patents DKK	Acquired licences DKK	Acquired rights DKK	Goodwill DKK
Cost beginning of year	300,435	80,000	69,249	0	10,000
Additions	0	0	0	1,327,149	0
Cost end of year	300,435	80,000	69,249	1,327,149	10,000
Amortisation and impairment losses beginning of year	(226,478)	(48,000)	(51,525)	0	(10,000)
Amortisation for the year	(73,957)	(16,000)	(16,594)	(130,406)	0
Amortisation and impairment losses end of year	(300,435)	(64,000)	(68,119)	(130,406)	(10,000)
Carrying amount end of year	0	16,000	1,130	1,196,743	0

8 Development projects

The activated development costs is related to the development of recipes etc., which are done in connection with launching new skin care products on the cosmetic market, both for private and on commercial purposes. The products have been introduced to the market and are sold from which income is generated.

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	1,677,054	390,183
Additions	2,051,344	857,594
Disposals	(109,280)	0
Cost end of year	3,619,118	1,247,777
Depreciation and impairment losses beginning of year	(420,715)	(6,927)
Depreciation for the year	(477,642)	(119,971)
Reversal regarding disposals	55,147	0
Depreciation and impairment losses end of year	(843,210)	(126,898)
Carrying amount end of year	2,775,908	1,120,879

10 Financial assets

	Deposits DKK
Cost beginning of year	90,000
Additions	138,799
Cost end of year	228,799
Carrying amount end of year	228,799

11 Receivables from owners and management

	Executive Board DKK
Interest rate (%)	10.5
Repaid during the year	6,610

12 Non-current liabilities other than provisions

	Due after more than 12 months 2021 DKK	Outstanding after 5 years 2021 DKK
Other payables	451,412	451,412
	451,412	451,412

13 Other payables

	2021	2020
	DKK	DKK
VAT and duties	790,365	4,642,705
Wages and salaries, personal income taxes, social security costs, etc payable	588,157	1,396,763
Holiday pay obligation	414,101	240,181
Other costs payable	681,637	(5,050)
	2,474,260	6,274,599

14 Unrecognised rental and lease commitments

The entity has entered into a rental agreement with 6 months of termination. The monthly rental commitment is 69 k DKK.

Furthermore, the entity has entered operational lease agreements for operating equipment, which run until 2024. The annual commitment is 511 k DKK.

15 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Terzo D Holdco 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, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

16 Assets charged and collateral

Bank loans are secured by the way of mortgage deed of DKK k101,500 nominal total. The carrying amount of mortgaged assets is DKK k42,576.

Collateral provided for group enterprises

The Entity has guaranteed group enterprises's debt to bank. Bank loans of group enterprises amount to DKK k64,253.

17 Related parties with controlling interest

Terzo Beuty ApS, 6091 Bjert, CVR no. 42158143 owns all shares in the Entity, thus exercising control.

18 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Terzo D Holdco ApS, 6091 Bjert, CVR no 42156647.

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 a few provisions for reporting class C.

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.

Income statement

Gross profit or loss

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

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Costs of raw materials and consumables

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

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment 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 dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, 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**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 3 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

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 in the 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.

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 acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

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

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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
Leasehold improvements	5-10 years

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.

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. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

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

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

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.

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.