

ANNUAL REPORT 2023

Konges Sløjd A/S

CVR: 36718714,
Kuglegårdsvej 17, 1F.
1434 Copenhagen.



konges sløjd

A letter from the CEO

This annual report is the last one I will hand in as CEO of Konges Sløjd, and this letter is the final one signed by me in this chair. So, I decided to make it a love letter dedicated to the company that grew from being my cute little baby to an unruly toddler, and now, into a grown-up, full-scale company on its own journey, constantly charging towards new goals and developments with an outstanding vision. It seems oddly fitting that in the year of our own queen Margrethe's abdication, I too hand over the throne to our new man in charge, but I will still very much be here, continuing the creative DNA that makes Konges Sløjd so unique. The reins as CEO have been passed over to Jesper Wærum, and I wholeheartedly trust he will take us to new and exciting heights, as we continue our ambitious commercial journey together.

Konges Sløjd has grown immensely over the past few years, but never to the point of losing track of who we are and our place in this ever-changing market. In fact, it seems we are stronger than ever. This year alone, we have opened a US office, strengthening our strategic position on new global markets, we have gained new partners and key global accounts that will help put us even more on the map, and we have expanded our organization.

2023 was a year of huge and exciting achievements mixed with inevitable bumps on the road. We are incredibly proud of where we landed: In tough and unpredictable times, we kept pushing forward, making hard but necessary decisions that have kept us on track towards realizing our goals.

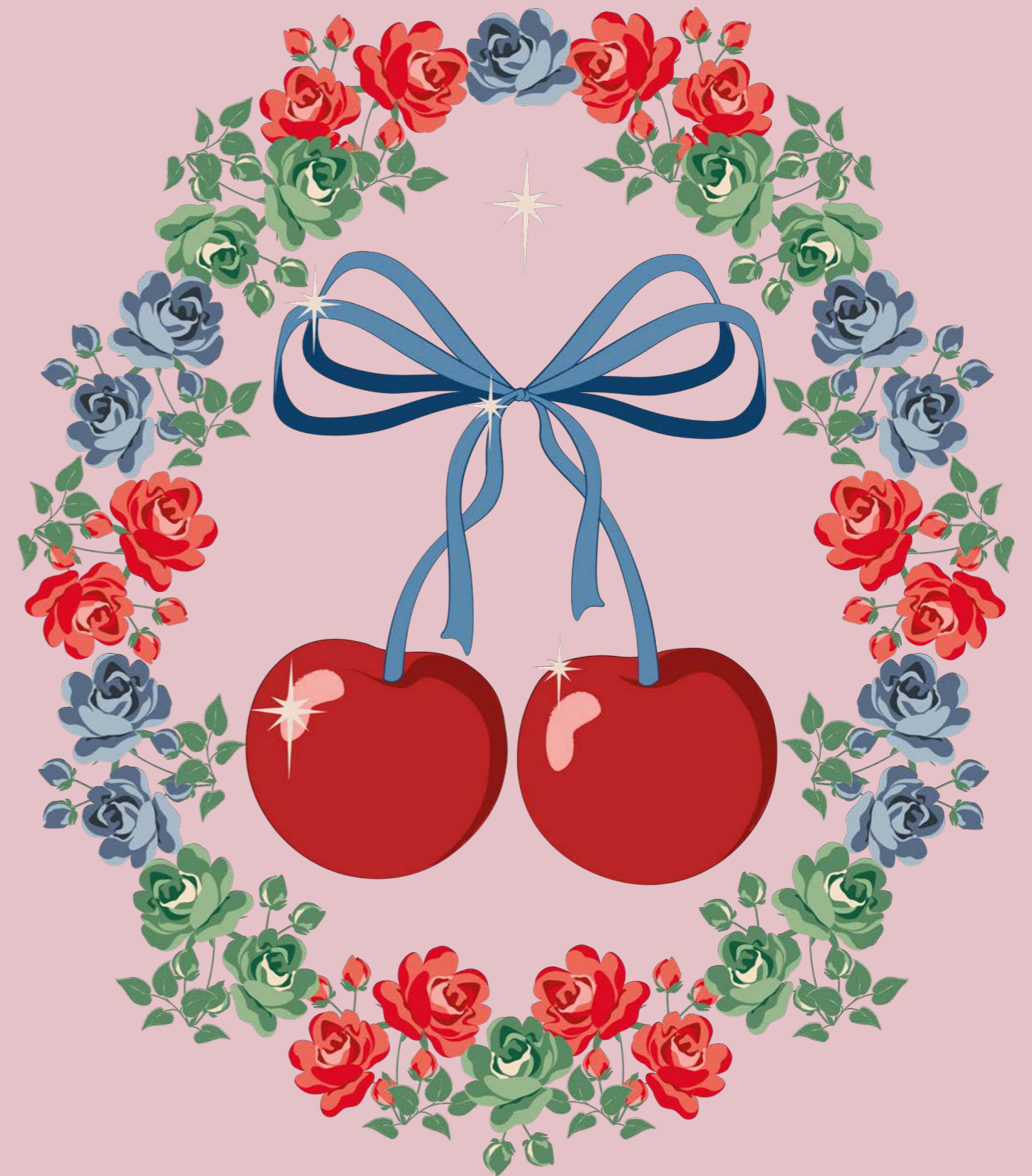
Most importantly though, we have stayed true to our brand and philosophy – and we have stayed relevant. With Konges Sløjd, it's not supposed to be easy to predict the next step. We want to keep you on your toes, and we would much rather make you look twice than not look at all.

It feels like every time I look back at a year gone by, we have achieved something incredible – a fact that I am eternally grateful for and, to be frank, goddamn proud of. None of this would be possible without the absolute A-team that is the Konges Sløjd staff, the most creative, funny, hard-working people I know, and our loyal customers that continue to support us on this wild ride. From the bottom of my heart, thank you.

I'm so excited for the year ahead.

Mark my words – we are just getting started.

All my love,
Emilie Konge 🍒





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Entity details

Entity

Konges Sløjd A/S
Kuglegårdsvej 17, 1F.
1434 Copenhagen

Business Registration No:36718714
Registered office: Copenhagen
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Jens Christian Buhl, Chairman
Emilie Konge Breindal
Tonny Dragheim

Executive Board

Jesper Wærum, CEO
Emilie Konge Breindal

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Annual report 2023

The Annual General Meeting adopted the
annual report on 03.04.2024

Jens Christian Buhl
Chairman of the General Meeting

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Konges Sløjd A/S for the financial year 01.01.2023 - 31.12.2023.

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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

In our opinion, the management commentary contains a fair review of the development of the Company's business and financial matters, the results for the year and the Company's financial position, together with a description of the principal risks and uncertainties that the Company face.

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

Copenhagen, 03.04.2024

Executive Board

Jesper Wærum
Chief Executive Officer

Emilie Konge Breindal

Board of Directors

Jens Christian Buhl
Chairman

Emilie Konge Breindal

Tonny Dragheim

Independent auditor's report

To the shareholders of Konges Sløjd A/S

Opinion

We have audited the financial statements of Konges Sløjd A/S for the financial year 01.01.2023 - 31.12.2023, 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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 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 by relevant law and regulations.

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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

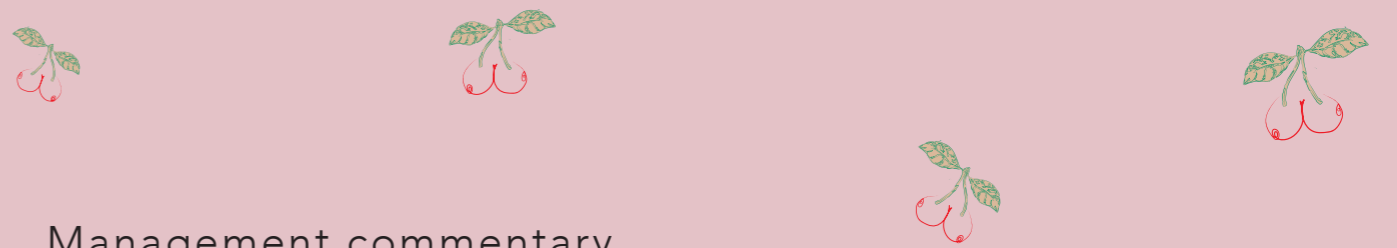
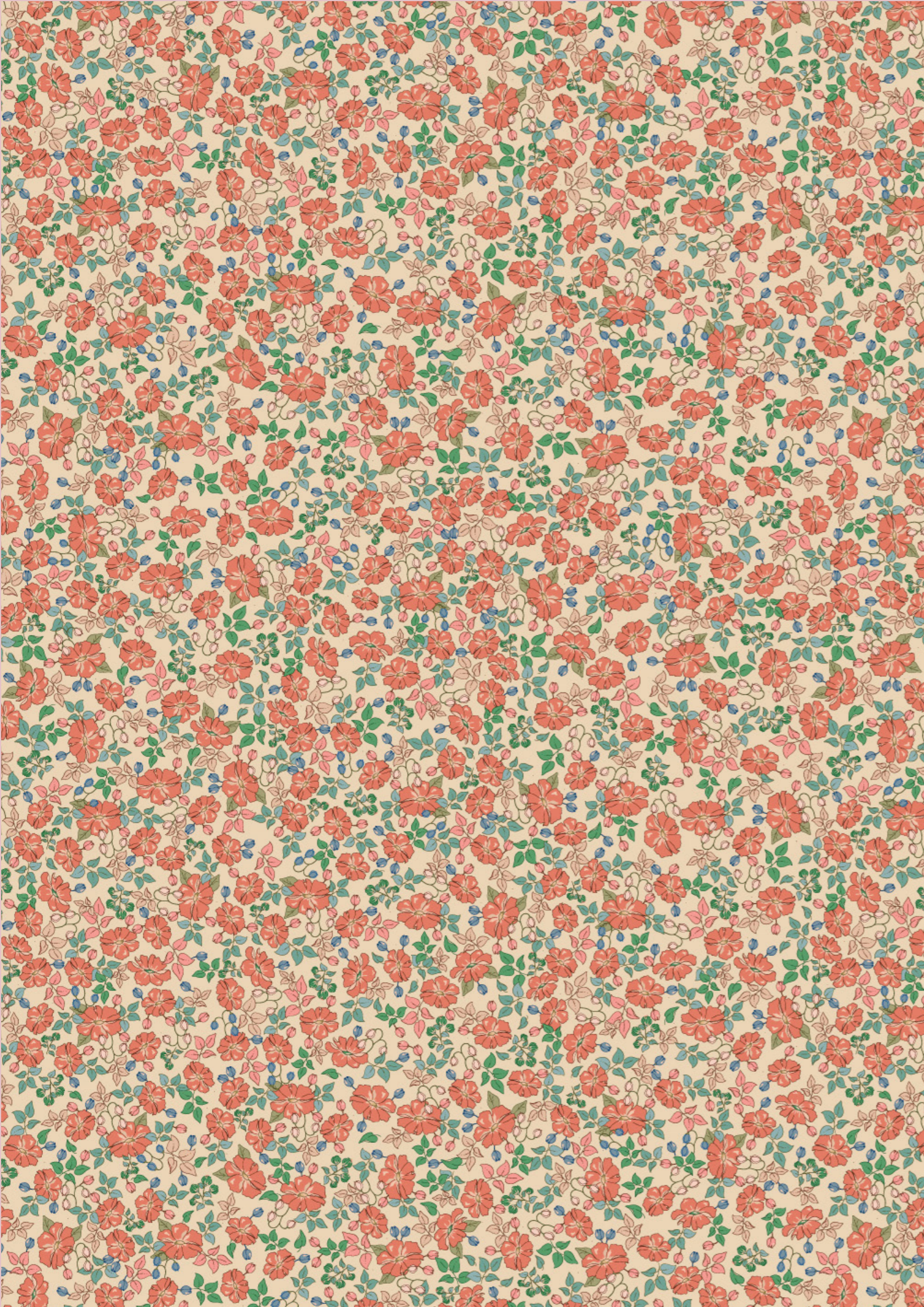
Copenhagen, 03.04.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Claus Jorch Andersen
State-Authorised Public Accountant
Identification No (MNE) 33712

Arif Aygar
State Authorised Public Accountant
Identification No (MNE) mne50634





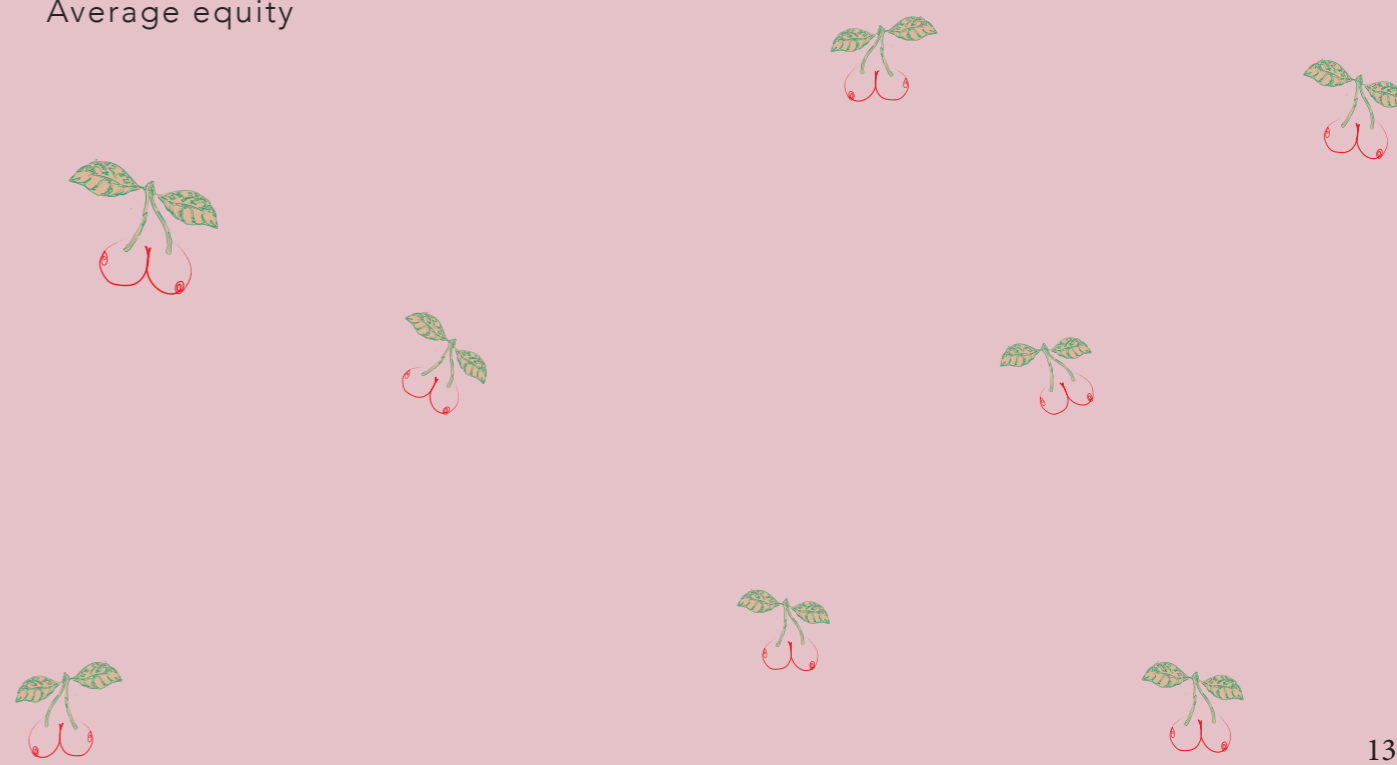
Management commentary

Financial highlights

DKK	2023	2022	2021	2020	2019
Key figures					
Gross profit/loss	142,024	113,274	97,408	61,247	23,302
Operating profit/loss	85,501	68,174	79,958	51,799	19,087
Net financials	(1,668)	(1,970)	2,148	(150)	(312)
Profit/loss for the year	65,297	51,634	64,072	39,843	14,640
Total assets	169,558	153,619	125,937	61,549	28,493
Investments in property, plant and equipment	4,955	4,724	2,755	261	73
Equity	113,167	113,246	98,180	51,038	20,267
Average number of employees	77	69	32	14	8
Ratios					
Return on equity (%)	57.68	48.84	85.88	111.75	99.97

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

Return on equity (%) :
$$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$$



Primary activities

Konges Sløjd designs and produces children clothing, home interior and toys which it sells to retailers and directly to consumers through its own e-com channel.

Development in activities and finances

In 2023, Konges Sløjd sales continued the growth trajectory through both our retailers as well as our own e-com channel, selling products in close to 100 countries worldwide.

We continued the strong investments in future growth during the year 2023. We increased our staff as well as initiated significant investments in continued process digitalization while focusing on operational efficiencies. Furthermore, we established our first foreign entity – Konges Sløjd Inc in the US.

Profit/loss for the year in relation to expected developments

The profit after tax for the year grew to t.DKK 65.297, which is in line with expectations.

Outlook

Current consumer environment is volatile, and a number of our retailers have had a challenging year. Management expects limited sales growth driven by our direct sales to consumers. Profit after tax is expected to end at the same level as 2023.

Research and development activities

The Company conducts research and development of improvement of own Webshop and other IT tools 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.

Statutory report on ESG & Product Compliance

Supplier Compliance remain a key topic, targeting extended due diligence measures throughout or supply chain and in line with OECD guidelines, besides perpetually developing our certification strategy on products.

Better material and certified fibers

Certifications now held include GOTS (Global Organic Textile Standard, OekoTex100 & FSC (Forest Stewardship Council), OCS (Organic Content Standard), RWS (Responsible Wool Standard), RDS (Responsible Down Standard), GRS (Global Recycled Standard) & RCS (Recycled Claim Standard).

Responsible production

Our entire Tier 1 supplier base is enrolled with minimum one of several Internationally recognized frameworks within social compliance. Hence all are subject to independent 3rd party auditing. We recognize different schemes such as Amfori (BSCI), Sedex, ICTI, GOTS & SA8000.

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 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		142,023,781	113,887,786
Staff costs	1	(51,515,253)	(43,477,637)
Depreciations, amortisation and impairment losses	2	(3,863,012)	(2,235,688)
Other operating expenses		(1,144,492)	0
Operating profit/loss		85,501,024	68,174,461
Other financial income from group enterprises		411,724	0
Other financial income	3	1,620,220	319,253
Other financial expenses	4	(3,699,834)	(2,289,172)
Profit/loss before tax		83,833,134	66,204,542
Tax on profit for the year	5	(18,535,845)	(14,570,575)
Profit/loss for the year	6	65,297,289	51,633,967

Balance sheet at 31 December 2023

Assets

	Notes	2023 DKK	2022 DKK
Completed development projects	8	1,217,224	1,842,134
Acquired trademarks		1,111,459	566,891
Development projects in progress	8	5,676,634	0
Intangible assets	7	8,005,317	2,409,025
Other fixtures and fittings, tools and equipment		3,205,043	4,245,530
Leasehold improvements		4,120,212	1,356,225
Property, plant and equipment	9	7,325,255	5,601,755
Investments in group enterprises		70,831	0
Deposits		2,464,414	939,788
Financial assets	10	2,535,245	939,788
Fixed assets		17,865,817	8,950,568
Manufactured goods and goods for resale		49,071,534	70,112,738
Prepayments for goods		4,516,195	5,829,358
Inventories		53,587,729	75,942,096
Trade receivables		23,193,430	22,363,866
Receivables from group enterprises		5,150,596	320,281
Deferred tax	11	158,841	468,093
Other receivables		417,248	196,754
Prepayments	12	493,627	805,392
Receivables		29,413,742	24,154,386
Cash		68,691,191	44,572,026
Current assets		151,692,662	144,668,508
Assets		169,558,479	153,619,076



Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		400,000	400,000
Reserve for fair value adjustments of hedging instruments		(1,234,601)	(1,234,601)
Reserve for development expenditure		1,473,707	1,473,707
Retained earnings		112,606,518	112,606,518
Equity		113,167,217	113,245,624
Prepayments received from customers		804,339	4,762,591
Trade payables		27,561,629	19,219,900
Tax payable		18,226,593	8,076,766
Other payables		9,798,701	8,314,195
Current liabilities other than provisions		56,391,262	40,373,452
Liabilities other than provisions		56,391,262	40,373,452
Equity and liabilities		169,558,479	153,619,076

Unrecognised rental and lease commitments	13
Contingent liabilities	14
Assets charged and collateral	15
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Statement of changes in equity for 2023

	Contributed capital DKK	Reserve for fair value adjustments of hedging instruments DKK	Reserve for development expenditure DKK	Retained earnings DKK	Proposed extraordinary dividend DKK
Equity beginning of year	400,000	(1,234,601)	1,473,707	112,606,518	0
Extraordinary dividend paid	0	0	0	0	(65,000,000)
Fair value adjustments of hedging instruments	0	(375,696)	0	0	0
Transfer to reserves	0	0	3,903,502	(3,903,502)	0
Profit/loss for the year	0	0	0	297,289	65,000,000
Equity end of year	400,000	(1,610,297)	5,377,209	109,000,305	0

	Total DKK
Equity beginning of year	113,245,624
Extraordinary dividend paid	(65,000,000)
Fair value adjustments of hedging instruments	(375,696)
Transfer to reserves	0
Profit/loss for the year	65,297,289
Equity end of year	113,167,217



Notes

	2023	2022
	DKK	DKK
1. Staff costs		
Wages and salaries	39,964,696	38,843,812
Pension costs	1,862,902	892,710
Other social security costs	487,629	372,855
Other staff costs	9,200,026	3,368,260
	51,515,253	43,477,637

Average number of full-time employees	77	69
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Special incentive programmes

The company have a warrants program, which also includes the Executive Board.

The warrant program comprise of warrants in the ultimate parent company. The company does not pay for these rights.

Remuneration of the Executive Board and Board of Directors amounted to T.DKK 5,510 (2022: DKK 2,700 thousand).

	2023	2022
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	1,049,231	424,019
Depreciation of property, plant and equipment	2,779,857	1,805,468
Profit/loss from sale of intangible assets and property, plant and equipment	33,924	6,201
	3,863,012	2,235,688

3. Other financial income

Other interest income	1,620,220	237,276
Other financial income	0	81,977
	1,620,220	319,253

	2023	2022
	DKK	DKK
4. Other financial expenses		
Other interest expense	436,574	134,319
Exchange rate adjustments	2,579,999	1,621,821
Other financial expenses	683,261	533,032
	3,699,834	2,289,172

5. Tax on profit/loss for the year

Current tax	18,226,593	15,107,780
Change in deferred tax	309,252	(537,205)
	18,535,845	14,570,575

6. Proposed distribution of profit and loss

Extraordinary dividend distributed in the financial year	65,000,000	15,264,233
Retained earnings	297,289	36,369,734

	Completed development projects	Acquired trademarks	Development projects in progress
	DKK	DKK	DKK
7. Intangible assets			
Cost beginning of year	2,198,952	679,273	0
Transfers	123,103	0	(123,103)
Additions	12,672	833,114	5,799,737
Cost end of year	2,334,727	1,512,387	5,676,634
Amortisation and impairment losses beginning of year	(356,818)	(112,382)	0
Amortisation for the year	(760,685)	(288,546)	0
Amortisation and impairment losses end of year	(1,117,503)	(400,928)	0
Carrying amount end of year	1,217,224	1,111,459	5,676,634

8. Development projects

Completed development projects relate to construction and improvement of own webshop and other IT tools. Costs which add new functionality and add new domains to the webshop are capitalized when sales are expected to increase from these. Management expects that revenue will increase and revenue from own webshop will account for an increasingly larger portion of the total revenue the next five years and that new IT tools will help achieving these expectations. With reference to section 83(2) of the Danish Financial Statement Act, deferred tax is set off against the capitalized costs for development projects in the reserve for development costs under equity.

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
9. Property, plant and equipment		
Cost beginning of year	6,016,403	2,086,200
Additions	1,345,120	3,609,876
Disposals	0	(247,716)
Cost end of year	7,361,523	5,448,360
Depreciation and impairment losses beginning of year	(1,770,873)	(729,975)
Depreciation for the year	(2,385,607)	(697,291)
Reversal regarding disposals	0	99,118
Depreciation and impairment losses end of year	(4,156,480)	(1,328,148)
Carrying amount end of year	3,205,043	4,120,212

	Investments in group enterprises	Deposits
	DKK	DKK
10. Financial assets		
Cost beginning of year	0	939,788
Additions	70,831	1,828,425
Disposals	0	(303,799)
Cost end of year	70,831	2,464,414
Carrying amount end of year	70,831	2,464,414

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Konges Sloejd INC	USA	INC	100.00

The subsidiary was established during the financial year and has not yet presented an annual report.

	2023	2022
	DKK	DKK
11. Deferred tax		
Changes during the year		
Beginning of year	468,093	(69,112)
Changes in deferred tax	(309,252)	537,205
End of year	158,841	468,093

Deferred tax assets

Deferred tax relates to temporary differences in intangible assets, property, plant and equipment and receivables.

12. Prepayments

Prepayments under assets comprise costs related to subsequent financial years such as service agreements.

	2023	2022
	DKK	DKK
13 Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	5,900,342	2,635,157

14. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in the financial year where Kite Topco ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the company 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.

15. Assets charged and collateral

There are no assets charged or collateral at the balance sheet date.

16. Related parties with controlling interest

Kite Topco ApS, Store Kongensgade 77 1F, 1264 Copenhagen K, Denmark, owns 100% of the shares of the Company.

17. Non-arm's length related party transactions

In the annual report only transactions with related parties which are not processed on market terms are described. No such transactions are processed in the financial year.

18. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Kite Topco ApS, Store Kongensgade 77 1F, 1264 Copenhagen K, Denmark.





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.

Consolidated financial statements

Referring to section 112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value, which has been calculated as the discounted value of expected future net cash flows by using an approximate risk-free interest rate adjusted for any factors that a potential market participant would attribute value to when acquiring the instrument. Derivative financial instruments are recognised in other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in the reserve for fair value adjustments of hedging instruments in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit includes revenue, changes to inventories and other external expenses.

Revenue

Revenue from the sale of goods is recognised in the income statement when delivery is made and risk has passed to the buyer, and revenue from fees is recognised in the income statement when the service is performed. Revenue is recognised net of VAT, and duties and is measured at fair value of the consideration fixed.

Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods and work in progress. This item includes normal writedowns of such inventories.

Cost of sales

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

Other external expenses

Other external expenses include expenses relating to the Company's ordinary activities, including expenses for distribution, logistics, premises, marketing costs, IT-costs and corporate costs. This item also includes writedowns of receivables recognized 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 relating to property, plant and equipment comprise depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Other operating expenses

Other operating expenses includes costs of secondary character to the company's main activities.

Other financial income from group enterprises

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises and currency gains.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises and currency losses.

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 Company 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 and acquired intellectual property rights.

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 consultants and amortisation that are directly 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. The amortisation periods used are 3 years.

Acquired trademarks are measured at cost less accumulated amortisation. Patents are amortised on a straightline basis over their remaining duration, and licences are amortised over the term of the agreement.

Acquired trademarks 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
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 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.

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 tax-based value of assets and liabilities, for which the tax-based value of the assets 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.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Tax receivable or payable

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

Cash flow statement

Cash flow statement has not been prepared for the Company as the cash flow is included in the cash flow statement of the consolidated financial statements of the ultimate parent company cf. the Danish Financial Statements Act § 86 (4).