



## Too Good To Go ApS

Landskronagade 66  
2100 København  
CVR No. 37561304

## Annual report 2019

The Annual General Meeting adopted the  
annual report on 26.05.2020

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**Kasper Heine**

Chairman of the General Meeting

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# Entity details

## Entity

Too Good To Go ApS

Landskronagade 66

2100 København

CVR No.: 37561304

Registered office: København

Financial year: 01.01.2019 - 31.12.2019

## Board of Directors

Preben Damgaard Nielsen, Chairman

Mette Lykke Ravn

Jannik Kruse Petersen

Jesper Lindhardt

Theis Regner Riber Søndergaard

## Executive Board

Mette Lykke Ravn

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P. O. Box 1600

0900 Copenhagen C

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Too Good To Go ApS for the financial year 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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 Ø, 05.05.2020

## Executive Board

**Mette Lykke Ravn**

## Board of Directors

**Preben Damgaard Nielsen**  
Chairman

**Mette Lykke Ravn**

**Jannik Kruse Petersen**

**Jesper Lindhardt**

**Theis Regner Riber Søndergaard**

# Independent auditor's report

## To the shareholders of Too Good To Go ApS

### Opinion

We have audited the financial statements of Too Good To Go ApS for the financial year 01.01.2019 - 31.12.2019, 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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the financial statements

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

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

### Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

#### **Statement on the management commentary**

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 05.05.2020

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Bjørn Winkler Jakobsen**

State Authorised Public Accountant  
Identification No (MNE) mne32127

**Mads Juul Hansen**

State Authorised Public Accountant  
Identification No (MNE) mne44386

# Management commentary

## Financial highlights

	2019	2018	2017	2016
	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>				
Gross profit/loss	8,548	(3,653)	(10,255)	(1,779)
Operating profit/loss	(51,004)	(31,160)	(20,734)	(1,779)
Net financials	347	(77)	(271)	(22)
Profit/loss for the year	(48,576)	(29,776)	(20,555)	(1,405)
Total assets	118,216	47,699	26,851	1,041
Equity	22,920	16,497	2,148	(1,355)
<b>Ratios</b>				
Equity ratio (%)	19.39	34.59	8.00	(130.16)

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

Too Good To Go is a social impact company fighting food waste through a marketplace for surplus food. The mobile app connects our users with unsold food from a variety of shops and restaurants. The stores can sell food which else would have gone to waste that day, and the consumer purchases a good meal at a discounted price. In this way we reduce food waste and directly address the impact it has on the environment and the climate crisis.

The mission of the company is to inspire and empower everyone to fight food waste together. To this end, the Movement team initiates projects and builds partnerships with businesses, households, schools, and governments, to create real change in the way we legislate against, educate about and practice reduction in food waste. Too Good To Go works with EU organisations, schools across Europe and international producers and wholesalers.

### Development in activities and finances

The loss before tax for 2019 of 50,7 mio. DKK is as expected in a year where the business has grown significantly due to new investments in existing and new markets. The number of meals saved has increased with nearly a factor of three from 2018 to 2019. At the end of 2019 we saved close to 100.000 meals per day.

At the start of 2019 our app was live in 9 countries (Belgium, Switzerland, Germany, Denmark, Spain, France, Netherlands, Norway and UK). During 2019 we have increased our activities in these countries. Further we have in 2019 launched the app in Italy, Poland, Portugal and Austria.

At the end of 2019 the cash position was 75,2 mio. DKK.

During 2019 we received 55 mio. DKK in group contribution from the holding company. After deduction of the loss for the year the equity is 22,9 mio. DKK.

### Outlook

We expect to double the number of meals saved and our revenue in 2020 compared to 2019. In the first half of 2020, we plan to launch our app in Sweden. In the second half of 2020 we expect to start our activities in the US with the launch of our app in the fall 2020. At the same time we will continue our investments in Europe in our existing markets.

To support the accelerated growth and launch in the US, investments in marketing and employees will continue increasing. For this reason the loss of 2020 is expected to exceed the loss in 2019.

We have the required cash to support the planned level of activities.

### Particular risks

On 11 March 2020, the World Health Organization elevated the public health emergency caused by the outbreak of the coronavirus (COVID-19) to an international pandemic. The rapidly unfolding events, both nationally and internationally, represent an unprecedented health crisis, which will impact the macroeconomic environment and business development.

As a lot of our partners in different countries were forced to close down in a period. We saw an immediate drop in our saved meals, but found a new lower level per day. Since mid April we see an increase in the number of meals saved per day.

The management does not believe that these events necessitate any adjustment to its annual accounts for the year ended 31 December 2019, although they could have a significant impact on its operations and, therefore, on its future results and cash flows.

Given the complexity of the situation and its rapidly changing nature, it is not currently possible to make a reliable quantitative estimate of its potential impact on the Company, which will ultimately be reflected in the annual accounts for 2020.

The Company is taking appropriate steps to address the situation and minimise its impact, considering that this is a temporary situation which, according to the most recent estimates and the cash position to date, does not compromise the use of the going concern principle.

Other risks identified is our currency risk. Payments from consumers are received within a few days in local currencies and paid back to the stores in the same currency. We buy the needed currencies when needed for investment in new countries and convert any excess currency to DKK. This way we keep our credit and currency risk very low. No further material risks have been identified.

### Intellectual capital resources

During 2019 we changed the mindset from being a “start-up” to being a “scale-up” as the total number of employees in the group grew significantly.

We have focused on adding knowledge capabilities by recruiting more competent and experienced candidates to strengthen knowledge and competences in Too Good To Go. In 2019 we hired 37 more experienced candidates (against 24 in 2018). For the senior positions 72% were recruited externally while 28% were promoted internally.

Too Good To Go is under exponential growth which means that roles and job descriptions are changing all the time and responsibilities and decision making is growing. This requires knowledge and insight, which is obtained through internal training and through close collaboration with partners, customers and colleagues, who all contribute with their knowledge and experience within a lot of different areas and in different places in the value chain.

### **Environmental performance**

One third of the world's food produced for human consumption goes to waste. Reducing food waste is the single most impactful action an individual can take to fight the climate crisis, according to Project Drawdown, and so our mission is to inspire and empower everyone to fight food waste together. We know that to live and breathe this, words must become actions. With this in mind we have set out a new ambition - to contribute in every way we can to building the global food waste movement. It's only when we all come together to fight food waste, that we'll be able to generate a positive change in society.

In 2019 we saved 19 million meals from going to waste. This is equal to 48 mio. kilos of CO<sub>2</sub>e saved. In 2018 the number was 6.5 mio. meals, equivalent to 16 mio. kilos of CO<sub>2</sub>e saved.

### **Research and development activities**

Our platform is used for our partners to make meals available for our users. Our users order and pay for the meals through our app on iOS and Android. It is an ongoing process to improve apps and the systems behind in order to improve the experience for users and partners and to make sure that our systems support new markets, new payment solutions, new regulations in different markets together with the increased need for scalability.

In 2019 we invested almost 8,7 mio. DKK in our systems, which make the total investment in our systems at 20,7 mio. DKK.

### **Foreign branches**

During 2019 we replaced the branch in Spain with a stand-alone subsidiary, but we still have the branches in Belgium and Switzerland to support our sales, success and marketing activities on these markets. In our other countries our sales, success and marketing activities are supported by entities 100% owned by Too Good To Go Holding ApS.

### **Events after the balance sheet date**

The outbreak of coronavirus will lead to several precautions that will affect the planning and execution of day-to-day operations, and the Company's suppliers, business partners and customers may be affected as well. Their financial impact cannot be determined at this stage.

However we evaluate the situation from day to day, and adapt where needed. A lot of partners have reduced their activities and our revenue is of course affected from this. To make sure that this will not affect our possibilities to invest in our rapid growth in 2020 and 2021, we are in process of raising further capital in Too Good To Go Holding ApS in May 2020, 54,2 mio. DKK.

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

# Income statement for 2019

	Notes	2019 DKK	2018 DKK
<b>Gross profit/loss</b>		<b>8,547,886</b>	<b>(3,652,500)</b>
Staff costs	1	(54,548,926)	(24,461,244)
Depreciation, amortisation and impairment losses	2	(5,002,620)	(2,658,850)
Other operating expenses		0	(387,301)
<b>Operating profit/loss</b>		<b>(51,003,660)</b>	<b>(31,159,895)</b>
Other financial income		421,534	0
Other financial expenses	3	(74,495)	(76,645)
<b>Profit/loss before tax</b>		<b>(50,656,621)</b>	<b>(31,236,540)</b>
Tax on profit/loss for the year	4	2,080,527	1,460,472
<b>Profit/loss for the year</b>	5	<b>(48,576,094)</b>	<b>(29,776,068)</b>

# Balance sheet at 31.12.2019

## Assets

	Notes	2019 DKK	2018 DKK
Completed development projects	7	12,157,891	8,365,727
<b>Intangible assets</b>	6	<b>12,157,891</b>	<b>8,365,727</b>
Other fixtures and fittings, tools and equipment		439,223	0
Leasehold improvements		641,866	0
<b>Property, plant and equipment</b>	8	<b>1,081,089</b>	<b>0</b>
Deposits		2,631,637	816,199
<b>Other financial assets</b>	9	<b>2,631,637</b>	<b>816,199</b>
<b>Fixed assets</b>		<b>15,870,617</b>	<b>9,181,926</b>
Manufactured goods and goods for resale		1,229,008	58,149
<b>Inventories</b>		<b>1,229,008</b>	<b>58,149</b>
Trade receivables		6,137,714	25,487
Receivables from group enterprises		14,095,194	9,259,548
Other receivables		1,306,326	2,759,584
Income tax receivable		2,163,864	1,460,472
Prepayments	10	2,194,131	236,770
<b>Receivables</b>		<b>25,897,229</b>	<b>13,741,861</b>
<b>Cash</b>		<b>75,218,785</b>	<b>24,717,491</b>
<b>Current assets</b>		<b>102,345,022</b>	<b>38,517,501</b>
<b>Assets</b>		<b>118,215,639</b>	<b>47,699,427</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2019 DKK</b>	<b>2018 DKK</b>
Contributed capital		51,000	51,000
Reserve for development expenditure		9,483,155	6,525,267
Retained earnings		13,386,289	9,920,271
<b>Equity</b>		<b>22,920,444</b>	<b>16,496,538</b>
Other payables		1,696,746	0
<b>Non-current liabilities other than provisions</b>	11	<b>1,696,746</b>	<b>0</b>
Trade payables		84,493,566	25,451,612
Payables to group enterprises		2,667,106	1,342,232
Other payables		6,437,777	4,409,045
<b>Current liabilities other than provisions</b>		<b>93,598,449</b>	<b>31,202,889</b>
<b>Liabilities other than provisions</b>		<b>95,295,195</b>	<b>31,202,889</b>
<b>Equity and liabilities</b>		<b>118,215,639</b>	<b>47,699,427</b>
Contingent liabilities	12		
Related parties with controlling interest	13		
Non-arm's length related party transactions	14		
Group relations	15		

# Statement of changes in equity for 2019

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	51,000	0	16,445,538	16,496,538
Changes in accounting policies	0	6,525,267	(6,525,267)	0
<b>Adjusted equity, beginning of year</b>	<b>51,000</b>	<b>6,525,267</b>	<b>9,920,271</b>	<b>16,496,538</b>
Group contributions etc	0	0	55,000,000	55,000,000
Transfer to reserves	0	2,957,888	(2,957,888)	0
Profit/loss for the year	0	0	(48,576,094)	(48,576,094)
<b>Equity end of year</b>	<b>51,000</b>	<b>9,483,155</b>	<b>13,386,289</b>	<b>22,920,444</b>

# Notes

## 1 Staff costs

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	60,065,658	30,534,810
Pension costs	388,802	155,753
Other social security costs	2,775,716	670,555
	<b>63,230,176</b>	<b>31,361,118</b>
Staff costs classified as assets	(8,681,250)	(6,899,874)
	<b>54,548,926</b>	<b>24,461,244</b>
Average number of full-time employees	<b>124</b>	<b>49</b>

The company have left out remuneration of management in accordance with the Danish Financial Statements Act § 98B section 3.

## 2 Depreciation, amortisation and impairment losses

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Amortisation of intangible assets	4,889,087	2,658,850
Depreciation of property, plant and equipment	113,533	0
	<b>5,002,620</b>	<b>2,658,850</b>

## 3 Other financial expenses

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Other interest expenses	74,495	36,689
Exchange rate adjustments	0	39,956
	<b>74,495</b>	<b>76,645</b>



#### 4 Tax on profit/loss for the year

	2019 DKK	2018 DKK
Current tax	(2,080,527)	(1,460,472)
	<b>(2,080,527)</b>	<b>(1,460,472)</b>

#### 5 Proposed distribution of profit and loss

	2019 DKK	2018 DKK
Retained earnings	(48,576,094)	(29,776,068)
	<b>(48,576,094)</b>	<b>(29,776,068)</b>

#### 6 Intangible assets

	Completed development projects DKK
Cost beginning of year	12,005,599
Additions	8,681,250
<b>Cost end of year</b>	<b>20,686,849</b>
Amortisation and impairment losses beginning of year	(3,639,872)
Amortisation for the year	(4,889,086)
<b>Amortisation and impairment losses end of year</b>	<b>(8,528,958)</b>
<b>Carrying amount end of year</b>	<b>12,157,891</b>

#### 7 Development projects

Development projects include the development of the platform. The development project essentially consists of costs in the form of direct salaries and other costs, which are registered through the company's internal project module.

The carrying amount is 12,158 t.kr. the 31.12.2019. The platform is expected to bring significant competitive advantages and thus a significant increase in the level of activity and profit for the company.

## 8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Additions	531,909	662,713
<b>Cost end of year</b>	<b>531,909</b>	<b>662,713</b>
Depreciation for the year	(92,686)	(20,847)
<b>Depreciation and impairment losses end of year</b>	<b>(92,686)</b>	<b>(20,847)</b>
<b>Carrying amount end of year</b>	<b>439,223</b>	<b>641,866</b>

## 9 Financial assets

	Deposits DKK
Cost beginning of year	816,199
Additions	1,815,438
<b>Cost end of year</b>	<b>2,631,637</b>
<b>Carrying amount end of year</b>	<b>2,631,637</b>

## 10 Prepayments

Prepayments are amounts paid for the company in advance of goods and services.

## 11 Non-current liabilities other than provisions

	Due after more than 12 months 2019 DKK
Other payables	1,696,746
	<b>1,696,746</b>

## 12 Contingent liabilities

	2019 DKK	2018 DKK
Other contingent liabilities	10,907,540	1,786,393
<b>Contingent liabilities</b>	<b>10,907,540</b>	<b>1,786,393</b>

The Entity participates in a Danish joint taxation arrangement where Too Good To Go 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, 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.

### **13 Related parties with controlling interest**

Too Good To Go Holding ApS, Copenhagen, owns all shares in the company and thus has a controlling influence.

### **14 Non-arm's length related party transactions**

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

### **15 Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
Too Good To Go Holding ApS, Copenhagen.

# Accounting policies

## Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are presented below.

## Changes in accounting policies

Applied accounting policies have been changed for the following items, which has resulted in a change of comparison figures:

- Development costs are capitalized as intangible asset.

As a consequence of above, the comparison figures for 2018 have been changed compared to the previously filed report as follows:

Results for the year	
2018 as previously filed	- 34.017.092 DKK
Change, new practice	-29.776.068 DKK
2018 comparison figures, new practice	+ 4.241.024 DKK
Shareholders equity, at the beginning of the year	
2018 as previously filed	8.130.811 DKK
Change, new practice	16.496.538 DKK
2018 comparison figures, new practice	+ 8.365.727 DKK

Changes have no taxable effect. Apart from above, the applied accounting policies are unchanged compared to 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.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

#### Revenue

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.

#### 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.

**Property costs**

Property costs include costs incurred to operate the Entity's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from the lessee.

**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 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 equipment.

**Other operating expenses**

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

**Other financial income**

Other financial income comprises interest income, including interest income on 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 as well as 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.

## 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 and amortisation of intangible assets and depreciation of property, plant and equipment 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 years.

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

### Property, plant and equipment

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

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

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

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

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

**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.

**Income tax payable or receivable**

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

**Prepayments**

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

**Cash**

Cash comprises cash in hand and bank deposits.

**Other financial liabilities**

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

**Cash flow statement**

The company has chosen not to disclose the cash flow statement according to the Danish Financial Statements Act § 86 section 4.