

Oase Outdoors ApS

Kornvej 9

7323 Give

Denmark

Business registration no. 51592018

Annual report 2020

The Annual General Meeting adopted the annual report on 5/3 2021

Chairman of the general meeting

Name: _____



Oase Outdoors ApS
Contents

	Page
Entity detail	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2020	8
Balance sheet at 31.12.2020	9
Statement of changes in equity for 2020	11
Notes	12
Accounting policies	17

Oase Outdoors ApS
Entity details

1

Entity

Oase Outdoors ApS
Kornvej 9
7323 Give

Central Business Registration No (CVR): 51592018

Registered in: Vejle

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Lars Anders Slettengren

Terese Anna Marie Ahrens

Jacob Emil Kristofer Landén

Henrik Frank Arens

Executive Board

Henrik Frank Arens

Auditors

EY Godkendt Revisionspartnerselskab

Værkmestergade 25

8000 Aarhus C

The Board of Directors and the Executive Board have today considered and approved the annual report of Oase Outdoors ApS for the financial year 01.01.2020 - 31.12.2020.

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

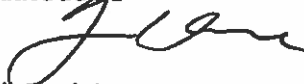
In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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.

Give, 17.02.2021

Executive Board



Henrik Frank Arens

Board of Directors



Lars Anders Slettengren

Henrik Frank Arens



Terese Anna Marie Ahrens



Jacob Emil Kristofer Landén

To the shareholders of Oase Outdoors ApS

Opinion

We have audited the financial statements of Oase Outdoors ApS for the financial year 1 January – 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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 financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020 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 our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company 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 as to 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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 Company'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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, 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's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, 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's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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

Aarhus, 17.02.2021

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Ole Hedemann
State Authorised Public Accountant
mne 14949



Jonas Busk
State Authorised Public Accountant
mne 42771

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2015/16 DKK'000
Financial highlights					
Key figures					
Gross profit	102.351	91.094	103.718	116.650	125.002
Operating profit/loss	33.407	6.128	25.283	40.379	35.587
Net financials	-4.709	-4.507	-2.332	-1.654	-1.469
Profit/loss for the year	22.345	1.145	17.803	30.119	25.076
Total assets	79.707	126.426	153.091	117.194	119.040
Investments in property, plant and equipment	884	943	1.456	1.102	2.101
Equity	27.500	21.026	43.212	37.024	33.935
Average numbers of employees	68	75	73	73	66
Ratios					
Return on equity (%)	92,1	3,6	44,4	84,9	84,8
Equity ratio	34,5	16,6	28,2	31,6	29,2
Liquid ratio	155,6	116,8	136,0	139,6	131,9
Return on capital employed	32,4	4,4	18,7	34,2	40,6

FY 2015/16 covers 14 months due to change in reporting date from 31. October to 31. December.

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners
Equity ratio	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity
Liquid ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$	The Company's ability to meet its current liabilities
Return on capital employed	$\frac{\text{Operating profit/loss} \times 100}{\text{Average assets}}$	The Company's ability to generate profit based on the contributed capital

Primary activities

Oase Outdoors ApS is a leading name within the European Camping, Caravanning and Outdoor sector, distributing our own brand portfolio that comprises Outwell, Robens and Easy Camp, to a retail network that span more than 40 countries.

In addition to our Danish headquarters we have sales offices in several European countries and long-standing representation in Shanghai, China. Our primary activities are innovation, procurement, marketing and sales of camping equipment.

Development in activities and finances

Again this year, continued focus on innovation and product development has again been recognized through the presentation of several prestigious industry awards.

The income statement shows a profit of 22.3 MDKK compared to 1.1 MDKK last year and the balance sheet shows an equity of 27.5 MDKK compared to 21.0 MDKK. Both turnover and profit are in line with previous expressed expectations. As described in the financial statement from last year, the result of 2019 was significantly affected by extraordinary quality issues. The effect of Covid-19 pandemic is difficult to estimate, however the pandemic has not had any material impact on the reported figures. The Management considers the result as satisfactory.

Outlook

Oase Outdoors Group will continue to develop and strengthen its product and geographical market position. The management expect a continued positive trend within camping and outdoor living. The Group expect a growth in turnover and further improved profit in 2021.

Events after the balance sheet date

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

Oase Outdoors ApS
Income statement

8

	<u>Notes</u>	<u>2020 DKK</u>	<u>2019 DKK</u>
Gross profit		102.350.662	91.093.844
Distribution costs	1	-24.386.810	-34.376.394
Administrative costs	1, 2	-44.556.426	-50.589.170
Operating profit/loss		33.407.426	6.128.280
Financial income	3	104.325	27.628
Financial expenses	4	-4.813.373	-4.534.291
Profit/loss before tax		28.698.378	1.621.617
Income tax	5	-6.353.154	-476.882
Profit/loss for the year	6	22.345.224	1.144.735

	<u>Notes</u>	<u>2020 DKK</u>	<u>2019 DKK</u>
Completed development projects		370.616	1.381.172
Intangible assets	7	<u>370.616</u>	<u>1.381.172</u>
Fixtures and fittings, tools and equipment		1.322.244	1.545.315
Leasehold improvements		717.247	679.844
Property, plant and equipment	8	<u>2.039.491</u>	<u>2.225.159</u>
Investments in group enterprises		1.127.588	1.127.588
Other receivables		1.055.779	1.055.779
Fixed asset investments	9	<u>2.183.367</u>	<u>2.183.367</u>
Fixed assets		<u>4.593.474</u>	<u>5.789.698</u>
Manufactured goods and goods for resale		49.311.190	101.238.124
Inventories		<u>49.311.190</u>	<u>101.238.124</u>
Trade receivables		5.836.762	6.525.604
Receivables from group enterprises		26.344	22.327
Deferred tax	13	2.846.642	1.426.508
Other receivables	10	2.065.760	2.483.286
Prepayments	11	6.704.836	7.213.987
Receivables		<u>17.480.344</u>	<u>17.671.712</u>
Cash		<u>8.322.434</u>	<u>1.726.404</u>
Current assets		<u>75.113.968</u>	<u>120.636.240</u>
Assets		<u>79.707.442</u>	<u>126.425.938</u>

Oase Outdoors ApS
Balance sheet at 31.12.2020

10

	<u>Notes</u>	<u>2020 DKK</u>	<u>2019 DKK</u>
Contributed capital	12	200.000	200.000
Reserve for development expenditure		289.080	1.077.314
Reserve for hedging transactions		-7.035.693	-1.664.605
Retained earnings		24.046.853	21.413.395
Proposed dividend		10.000.000	0
Equity		<u>27.500.240</u>	<u>21.026.104</u>
Other provisions	14	1.171.543	2.135.481
Provisions		<u>1.171.543</u>	<u>2.135.481</u>
Other payables		2.747.570	0
Non-current liabilities other than provisions		<u>2.747.570</u>	<u>0</u>
Bank loans		4.622.781	70.465.850
Trade payables		16.892.883	17.856.788
Payables to group enterprises		6.674.901	4.666.698
Income tax payable		1.758.366	986.320
Other payables	15	18.339.158	9.288.697
Current liabilities other than provisions		<u>48.288.089</u>	<u>103.264.353</u>
Liabilities other than provisions		<u>51.035.659</u>	<u>103.264.353</u>
Equity and liabilities		<u>79.707.442</u>	<u>126.425.938</u>
Contingent liabilities	16		
Assets charged and collateral	17		
Transactions with related parties	18		
Group relations	19		

Statement of changes in equity

	Contributed capital DKK	Reserve for development expenditure DKK	Reserve for hedging transactions DKK	Proposed dividend DKK	Retained earnings DKK
Equity beginning of year	200.000	1.077.314	-1.664.605	0	21.413.395
Value adjustments	0	0	-6.886.010	0	0
Tax of entries on equity	0	0	1.514.922	0	0
Transfer from reserves	0	-788.234	0	0	788.234
Extraordinary dividend paid	0	0	0	-10.500.000	0
Profit/loss for the year	0	0	0	20.500.000	1.845.224
Equity end of year	200.000	289.080	-7.035.693	10.000.000	24.046.853

**Total
DKK**

Equity beginning of year	21.026.104
Extraordinary dividend paid	-10.500.000
Value adjustments	-6.886.010
Tax of entries on equity	1.514.922
Transfer to reserves	0
Profit/loss for the year	22.345.224
Equity end of year	27.500.240

	<u>2020</u> DKK	<u>2019</u> DKK
1 Staff costs		
Wages and salaries	29.887.707	33.378.427
Pensions	2.032.350	2.379.206
Other social security costs	422.534	505.368
	<u>32.342.591</u>	<u>36.263.001</u>
Average number of employees	<u>68</u>	<u>75</u>
		<u>2019</u> DKK
Remuneration of management		
Total amount for management categories		<u>3.393.293</u>
		<u>3.393.293</u>

By reference to section 98b(3), ii, of the Danish Financial Statements Act, remuneration to management is not disclosed for 2020.

	<u>2020</u> DKK	<u>2019</u> DKK
2 Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	1.010.556	1.008.171
Depreciation on property, plant and equipment	1.070.061	1.306.809
	<u>2.080.617</u>	<u>2.314.980</u>

	<u>2020</u> DKK	<u>2019</u> DKK
3 Financial income		
Financial income arising from group enterprises	104.039	0
Other financial income	286	27.628
	<u>104.325</u>	<u>27.628</u>

	<u>2020</u> DKK	<u>2019</u> DKK
4 Financial expense		
Financial expenses arising from group enterprises	133.130	225.036
Other financial income	4.680.243	4.309.255
	<u>4.813.373</u>	<u>4.534.291</u>

	<u>2020</u> DKK	<u>2019</u> DKK
5 Tax on profit/loss for the year		
Current tax	-6.258.366	-968.138
Change in deferred tax	-94.788	491.256
	<u>-6.353.154</u>	<u>-476.882</u>

	<u>2020</u> DKK	<u>2019</u> DKK
6 Proposed distribution of profit/loss		
Extraordinary dividend distributed in the financial year	10.500.000	15.500.000
Proposed ordinary dividend	10.000.000	0
Retained earnings	1.845.224	-14.355.265
	<u>22.345.224</u>	<u>1.144.735</u>

	<u>Completed development projects DKK</u>
7 Intangible assets	
Cost beginning of year	3.872.185
Additions	0
Cost end of year	<u>3.872.185</u>
Amortisation and impairment losses beginning of year	2.491.013
Amortisation for the year	<u>1.010.556</u>
Amortisation and impairment losses end of year	<u>3.501.569</u>
Carrying amount end of year	<u>370.616</u>

Development projects

Development projects comprise IT projects for internal use.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are expected to be 3 years. The need for further impairment is reassessed annually.

Oase Outdoors ApS Notes		Fixtures and fittings, tools and equipment DKK	14 Leasehold improvements DKK
8 Property, plant and equipment			
Cost beginning of year		11.806.144	5.906.586
Additions		498.558	385.834
Disposals		-204.743	0
Cost end of year		12.099.959	6.292.420
Depreciation and impairment losses beginning of year		10.260.829	5.226.742
Depreciation for the year		721.629	348.431
Reversal regarding disposals		-204.743	0
Depreciation and impairment losses end of year		10.777.715	5.575.173
Carrying amount end of year		1.322.244	717.247
9 Fixed asset investments			
Cost beginning of year		1.127.588	2.282.691
Additions		0	0
Cost end of year		1.127.588	2.282.691
Impairment losses beginning of year		0	1.226.912
Impairment losses end of year		0	1.226.912
Carrying amount end of year		1.127.588	1.055.779
	Registered in	Equity DKK	Profit/loss DKK
Investments in group enterprises comprise:			
Oase (Shanghai) Outdoor Products Trade Co. Ltd, 100% equity interest	China	1.005.980	44.460
Oase Outdoors Ltd, 100% equity interest	England	1.082.868	197.591
Oase Outdoors GmbH, 100% equity interest	Germany	576.440	105.316
OA Outdoors AB, 100% equity interest	Sweden	85.287	19.079
Oase Outdoors BV, 100% equity interest	The Netherlands	131.507	72.584
Oase Outdoors AS, 100% equity interest	Norway	7.997	-4.171

	<u>2020</u> DKK	<u>2019</u> DKK
10 Other receivables		
Forward exchange contracts	951.969	1.013.824
Other receivables	<u>1.113.791</u>	<u>1.469.462</u>
	<u>2.065.760</u>	<u>2.483.286</u>

The forward exchange contracts have been acquired to hedge the foreign currency risk of sale of goods in GBP and purchase of goods in USD.

The fair value adjustment is recognised in equity and is expected to be realised and recognised in the income statement after the balance sheet date.

The forward exchange contracts have a term of 2-10 months.

11 Prepayments

Prepayments comprise accrued prepayments, etc.

12 Contributed capital

The contributed capital of DKK 200.000 is composed of:

A shares: 24 shares of DKK 1.000 each. A total of DKK 24.000

B shares: 8 shares of DKK 22.000 each. A total of DKK 176.000

The Company's share capital has been unchanged over the past five years.

	<u>2020</u> DKK	<u>2019</u> DKK
13 Deferred tax		
Changes during the year		
Beginning of year	1.426.508	-1.273.342
Recognised in the income statement	-94.788	491.256
Recognised directly in equity	<u>1.514.922</u>	<u>2.208.594</u>
End of year	<u>2.846.642</u>	<u>1.426.508</u>

14 Other provisions

Other provisions comprise primarily warranty provisions.

	<u>2020</u> DKK	<u>2019</u> DKK
15 Other payables		
Wages, salaries, personal income taxes, social security costs etc. payable	4.218.510	3.812.062
Forward exchange contracts	10.732.820	3.056.617
Other costs payable	3.387.828	2.420.018
	<u>18.339.158</u>	<u>9.288.697</u>

The forward exchange contracts have been acquired to hedge the foreign currency risk of sale of goods in GBP and purchase of goods in USD.

The fair value adjustment of foreign exchange contracts is recognised in equity and is expected to be realised and recognised in the income statement after the balance sheet date.

The forward exchange contracts have a term of 0-6 months.

16 Contingent liabilities

Rental and lease obligations comprise rental obligations of a total of DKK 12,561k until 2027. Furthermore, contingent liabilities comprise operating leases on cars of DKK 178k.

The Entity participates in a Danish joint taxation arrangement with RF af 20.12.2015 A/S serving as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2015/16 for income taxes etc. for the jointly taxed entities and from 1 September 2016 for obligations, if any, relating to the withholding of tax on interest, royalties and dividends 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.

17 Assets charged and collateral

Moreover, the Company has provided a guarantee consisting of an import letter of credit of DKK 2,752k.

18 Transactions with related parties

Disclosure on related party transactions has been omitted referring to section 98c(7) of the Danish Financial Statements Act. There have not been any transactions with the Company's Executive Board and Board of Directors apart from management remuneration etc.

19 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Ratos AB, Sweden

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Ratos AB, Sweden

The annual report for Ratos AB can be acquired on cvr.dk along with the annual report for Oase Outdoors ApS.

Reporting class

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

Consolidated financial statements

Referring to S. 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Oase Outdoors ApS and its group enterprises are included in the consolidated financial statements of Ratos AB.

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 nonmonetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.

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

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

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, production costs and other operating income.

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.

Production costs

Production costs comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

Administrative costs

Administrative costs comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating income

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

Financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital 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 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.

Property, plant and equipment

Land and buildings, plant and machinery as well as 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	3-6 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.

Investments in group enterprises

Investments in group enterprises are measured at cost and are written down to the lower of recoverable amount and carrying amount.

Receivables

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

Inventories

Inventories are measured at the lower of cost using weighted average and net realisable value.

Cost of goods consists of purchase price, customs duties and delivery costs.

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

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 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.

Other provisions

Other provisions comprise anticipated costs for warranty commitments.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Other financial liabilities

Other financial liabilities are measured at amortised cost.

Income tax receivable or payable

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.

Cash flow statement

Referring to S. 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared as the higher-level parent Ratos AB prepares a consolidated cash flow statement in which the Company's cash flows are included.