

Ecooking A/S

Gl. Skartved 11
6091 Bjert
CVR No. 38271725

Annual report 2024

The Annual General Meeting adopted the
annual report on 17.06.2025

Henning Bröchner

Chairman of the General Meeting

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Entity details

Entity

Ecooking A/S

Gl. Skartved 11

6091 Bjert

Business Registration No.: 38271725

Registered office: Kolding

Financial year: 01.01.2024 - 31.12.2024

Board of Directors

Tina Søgaard, chairman

Henning Bröchner

Hanne Frøling Kriegbaum

Executive Board

Hanne Frøling Kriegbaum

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Ecooking A/S for the financial year 01.01.2024 - 31.12.2024.

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 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Bjert, 17.06.2025

Executive Board

Hanne Frøling Kriegbaum

Board of Directors

Tina Søgaard
chairman

Henning Bröchner

Hanne Frøling Kriegbaum

Independent auditor's report

To the shareholders of Ecooking A/S

Opinion

We have audited the financial statements of Ecooking A/S for the financial year 01.01.2024 - 31.12.2024, 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 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024 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 of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Kolding, 17.06.2025

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Lars Ørum Nielsen

State Authorised Public Accountant
Identification No (MNE) mne26771

Management commentary

Financial highlights

	2024	2023	2022	2021	2020
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	9,542	24,680	(2,433)	12,836	19,284
Operating profit/loss	(38,207)	(23,680)	(50,396)	(25,777)	9,051
Net financials	(5,310)	(4,205)	(2,924)	(2,762)	(752)
Profit/loss for the year	(51,217)	(38,177)	(41,694)	(22,315)	6,437
Total assets	71,383	85,633	106,870	129,437	45,580
Investments in property, plant and equipment	6,095	10,182	1,758	7,681	541
Equity	(24,533)	(10,619)	12,558	11,777	13,617
Ratios					
Equity ratio (%)	(34.37)	(12.40)	11.75	9.10	29.87

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

When Tina Søggaard started to blend her own skincare, she did not realize that this was the beginning of a new skincare brand and a new business adventure. At that time, she had just been through a difficult divorce, which had a negative effect on her skin which was looking tired and pale. With her profound experience within skincare, she knew which ingredients to use to give her skin the necessary booster.

She started to blend creams and serums and oils in her own kitchen. It did not take long until the family and friends of Tina noticed the improvement with her skin, and therefore wanted to test the products themselves. They brought all possible sorts of containers to be able to sample the products for their own use.

Helping family and friends with their skin problems became therapeutical for Tina. It was never the intention to market the products commercially. However, the effectiveness soon became well known among cosmetologists and beauty retailers, who wanted to carry Tina's products as part of their assortment. From there the rest is history, as ECOOKING as a brand was born. A Danish skincare brand which first and foremost has focus on effectiveness and secondly on as much natural and ecologic ingredients as possible.

"Our ambition is, that we will be the leading Danish skincare brand internationally. We aim for being the best at combining effective skincare with natural and ecological ingredients, never compromising on effectiveness or content. We always base our work on our values of Transparency, Honesty, Decency".

Business risks

The Group's key business risks are related to its ability to maintain a strong position in the markets in which the ECOOKING brand is sold. Throughout 2024, ECOOKING has continued the work to strengthen the brands' DNA and design as well as physical presence.

This process will continue in the coming years with a view to strengthen ECOOKING's profile and enhance the international commercial aspects of the concept, and thus develop and reinforce the brand's position.

Financial risks

Given its operations, investments and financing structure, Ecooking A/S is exposed to changes in exchange and interest rates. The Group pursues a low-risk financial policy approved by the Board of Directors in order to ensure that currency risks arise only as a result of commercial conditions. The Group has not applied derivative financial instruments in 2024.

Development in activities and finances

The organization has been strengthened during 2024 to support future national and international growth. The focus on national and international growth will be maintained in the coming years.

A primary focus area has been to strengthen our own web-shop; www.ecooking.dk and www.ecooking.com and the supporting organization.

The focus in the coming period is to continue the growth journey as well as supporting the international brand-building of Ecooking.

In 2024 there were several important product launches in Ecooking. Some of the significant new products were new formulations of day- and night-cream. Also a new serum: "Energizing Serum" was launched together with "Energizing Eye Cream". A trio of pigmentation products; "Pigmentation Serum", "Pigmentation Cream" and "Cleansing Powder" was launched in Autumn 2024.

Profit/loss for the year in relation to expected developments

The net result for 2024 is a loss of tDKK 51,217 (2023: tDKK -38,177), which is not in line with expectations.

The equity of Ecooking A/S is tDKK -24,533 (2023: tDKK -10,619).

Outlook

2025 will be another transition year for ECOOKING. Focus will be to grow our Nordic and Danish business as well as prepare our international activities with a launch in Sweden planned for H1 2025. This involves building a stronger commercial organization as well as building stronger internal processes.

We expect a gross profit for 2025 in the range of 20-30 mDKK. The net loss for 2025 is expected at 10-15 mDKK.

Research and development activities

The Company develops and maintains most products internally, and thus owns IP rights to these formulas. There is an internal laboratory with experienced employees who develop and test all formulas before manufacturing takes place. Most of the production takes place with skilled external suppliers. The Company has a variety of sourcing alternatives, which reduces the dependency on single suppliers.

Events after the balance sheet date

In March 2025 a Group contribution of DKK 40m was made to re-establish positive equity.

Income statement for 2024

	Notes	2024 DKK	2023 DKK
Gross profit/loss		9,541,662	24,679,923
Staff costs	3	(38,821,819)	(38,709,242)
Depreciation, amortisation and impairment losses	4	(8,016,892)	(7,923,277)
Other operating expenses		(909,590)	(1,726,924)
Operating profit/loss		(38,206,639)	(23,679,520)
Other financial income	5	33,289	38,353
Other financial expenses	6	(5,343,674)	(4,242,890)
Profit/loss before tax		(43,517,024)	(27,884,057)
Tax on profit/loss for the year	7	(7,700,000)	(10,293,207)
Profit/loss for the year	8	(51,217,024)	(38,177,264)

Balance sheet at 31.12.2024

Assets

	Notes	2024 DKK	2023 DKK
Completed development projects	10	937,691	712,542
Acquired intangible assets		536,024	782,926
Acquired rights		453,643	929,143
Goodwill		477,098	1,151,259
Intangible assets	9	2,404,456	3,575,870
Other fixtures and fittings, tools and equipment		3,502,316	4,963,782
Leasehold improvements		463,245	1,545,790
Leased assets		3,838,152	3,862,984
Property, plant and equipment	11	7,803,713	10,372,556
Investments in group enterprises		35,845	35,845
Deposits		1,033,387	883,544
Financial assets	12	1,069,232	919,389
Fixed assets		11,277,401	14,867,815
Manufactured goods and goods for resale		29,035,986	32,012,523
Inventories		29,035,986	32,012,523
Trade receivables		25,852,648	28,627,607
Receivables from group enterprises		32,220	0
Deferred tax	13	0	7,700,000
Other receivables		919,388	746,078
Prepayments	14	614,716	1,224,253
Receivables		27,418,972	38,297,938
Cash		3,650,446	454,263
Current assets		60,105,404	70,764,724
Assets		71,382,805	85,632,539

Equity and liabilities

	Notes	2024 DKK	2023 DKK
Contributed capital	15	400,000	400,000
Retained earnings		(24,932,778)	(11,018,929)
Equity		(24,532,778)	(10,618,929)
Lease liabilities		2,150,642	1,064,489
Other payables	16	908,095	880,790
Non-current liabilities other than provisions	17	3,058,737	1,945,279
Current portion of non-current liabilities other than provisions	17	1,699,557	2,744,088
Bank loans		69,130,538	68,311,115
Trade payables		19,108,825	18,250,567
Payables to group enterprises		637,004	1,534,174
Payables to shareholders and management		542,713	555,750
Other payables	18	1,738,209	2,910,495
Current liabilities other than provisions		92,856,846	94,306,189
Liabilities other than provisions		95,915,583	96,251,468
Equity and liabilities		71,382,805	85,632,539
Uncertainty related to going concern	1		
Events after the balance sheet date	2		
Unrecognised rental and lease commitments	19		
Contingent liabilities	20		
Assets charged and collateral	21		
Related parties with controlling interest	22		
Transactions with related parties	23		
Group relations	24		

Statement of changes in equity for 2024

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	400,000	(11,018,929)	(10,618,929)
Group contributions etc	0	37,303,175	37,303,175
Profit/loss for the year	0	(51,217,024)	(51,217,024)
Equity end of year	400,000	(24,932,778)	(24,532,778)

A Group contribution of DKK 40m has been made in March 2025 to ensure positive equity.

Notes

1 Uncertainty related to going concern

The company realized a loss for 2024 of DKK 51,2m and the equity is negative as of 31.12.2024 with DKK 24,5m.

To ensure liquidity for operations in 2025, a capital contribution of DKK 40 million was made in March 2025. Management assesses that this is sufficient to secure operations.

2 Events after the balance sheet date

In March 2025, a capital contribution of DKK 40m was made by the parent company.

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

3 Staff costs

	2024	2023
	DKK	DKK
Wages and salaries	35,907,939	36,062,603
Pension costs	2,543,688	2,148,133
Other social security costs	370,192	498,506
	38,821,819	38,709,242
Average number of full-time employees	62	62

	Remuneration of Management 2024 DKK	Remuneration of Management 2023 DKK
Executive Board	5,133,063	4,795,978
	5,133,063	4,795,978

Special incentive programmes

In 2024, incentive programmes have been issued to members of the company's executive board and board of directors. The programme includes the possibility to earn the right to subscribe for shares in the company during the period 2024 - 2028 (5 years). The right to 20% of the programme is earned per year. The exercise period is January 2034. In total, the right to subscribe for up to DKK 30,252 worth of shares can be earned, corresponding to 3% of the company's capital as of 31 December 2024. The scheme does not allow for cash settlement, which is why the programme is considered an equity programme. Therefore, the value of the programme is not recognised in the annual report. All incentive programmes were terminated in March 2025 by mutual agreement without settlement or compensation.

4 Depreciation, amortisation and impairment losses

	2024	2023
	DKK	DKK
Amortisation of intangible assets	2,016,215	1,762,272
Depreciation of property, plant and equipment	6,000,677	6,161,005
	8,016,892	7,923,277

5 Other financial income

	2024	2023
	DKK	DKK
Other interest income	33,281	38,353
Other financial income	8	0
	33,289	38,353

6 Other financial expenses

	2024	2023
	DKK	DKK
Financial expenses from group enterprises	650,391	477,717
Other interest expenses	4,543,253	3,661,105
Exchange rate adjustments	150,030	103,664
Other financial expenses	0	404
	5,343,674	4,242,890

7 Tax on profit/loss for the year

	2024	2023
	DKK	DKK
Change in deferred tax	7,700,000	10,293,207
	7,700,000	10,293,207

8 Proposed distribution of profit and loss

	2024	2023
	DKK	DKK
Retained earnings	(51,217,024)	(38,177,264)
	(51,217,024)	(38,177,264)

9 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Acquired rights DKK	Goodwill DKK
Cost beginning of year	712,542	1,667,613	2,460,573	2,022,491
Additions	596,100	248,701	0	0
Disposals	0	(872,951)	(50,000)	0
Cost end of year	1,308,642	1,043,363	2,410,573	2,022,491
Amortisation and impairment losses beginning of year	0	(884,687)	(1,531,430)	(871,232)
Amortisation for the year	(370,951)	(495,603)	(475,500)	(674,161)
Reversal regarding disposals	0	872,951	50,000	0
Amortisation and impairment losses end of year	(370,951)	(507,339)	(1,956,930)	(1,545,393)
Carrying amount end of year	937,691	536,024	453,643	477,098

10 Development projects

Development cost consists costs for the entitys website incl. webshop.

11 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Leased assets DKK
Cost beginning of year	11,035,761	2,028,105	7,288,026
Additions	999,585	76,244	5,019,340
Disposals	(1,441,637)	(1,415,752)	(3,209,414)
Cost end of year	10,593,709	688,597	9,097,952
Depreciation and impairment losses beginning of year	(6,071,979)	(482,315)	(3,425,042)
Depreciation for the year	(2,218,877)	(249,200)	(3,532,600)
Reversal regarding disposals	1,199,463	506,163	1,697,842
Depreciation and impairment losses end of year	(7,091,393)	(225,352)	(5,259,800)
Carrying amount end of year	3,502,316	463,245	3,838,152

12 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	35,845	883,544
Additions	0	149,843
Cost end of year	35,845	1,033,387
Carrying amount end of year	35,845	1,033,387

Investments in subsidiaries	Registered in	Corporate form	Equity interest %	Profit/loss DKK
Ecooking NO AS	Ytre Enebakk, Norway	AS	100.00	(16,036)

13 Deferred tax

	2024 DKK	2023 DKK
Intangible assets	0	(368,306)
Property, plant and equipment	0	704,634
Liabilities other than provisions	0	140,014
Tax losses carried forward	0	7,223,658
Deferred tax	0	7,700,000

Changes during the year	2024 DKK	2023 DKK
Beginning of year	7,700,000	17,993,207
Recognised in the income statement	(7,700,000)	(10,293,207)
End of year	0	7,700,000

The company has an unrecognised deferred tax asset amounting to 32,708 kDKK due to previous years' tax losses. Consequently, the company does not anticipate paying taxes for several years.

14 Prepayments

Prepayments relate to various prepaid items including insurance costs

15 Share capital

	Number	Par value DKK	Nominal value DKK	Recorded par value DKK
Shares	400,000	1.00	400,000	400,000
	400,000		400,000	400,000

16 Other payables

	2024	2023
	DKK	DKK
Holiday pay obligation	908,095	880,790
	908,095	880,790

17 Non-current liabilities other than provisions

	Due within 12	Due within 12	Due after
	months	months	more than 12
	2024	2023	2024
	DKK	DKK	DKK
Lease liabilities	1,699,557	2,744,088	2,150,642
Other payables	0	0	908,095
	1,699,557	2,744,088	3,058,737

18 Other payables

	2024	2023
	DKK	DKK
VAT and duties	11,759	0
Wages and salaries, personal income taxes, social security costs, etc payable	784,910	1,743,121
Holiday pay obligation	816,448	1,100,932
Other costs payable	125,092	66,442
	1,738,209	2,910,495

19 Unrecognised rental and lease commitments

	2024	2023
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	1,017,483	893,682

20 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Terzo D Holdco ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

21 Assets charged and collateral

Bank loans are secured by the way of mortgage deed of DKK 103,000k nominal total. The carrying amount of mortgaged assets is DKK 61,258k.

22 Related parties with controlling interest

Bluegem III, SCSp Luxembourg owns 70% of the shares in the Entity, thus exercising control.

23 Transactions with related parties

The annual report discloses only transactions with related parties that have not been conducted on arms length terms. No such transactions have been carried out during the financial year.

24 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest and largest group: Terzo D Holdco ApS, 6091 Bjert, Business Registration No. 42 15 66 47.

Accounting policies

Reporting class

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

Changes in accounting policies

In the comparative figures for 2023 for the company, DKK 1,6m has been reclassified in note 3 regarding remuneration of management so the salary to the Executive board has been increased. The reclassification has no effect on the profit for the year, total assets or the equity.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistent with last year.

Consolidated financial statements

Referring to section 112(1) 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.

Business combinations

The uniting-of-interests method is applied on mergers of assets and exchanges of shares, etc where the enterprises concerned are controlled by the Parent. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity. The comparative figures are restated.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been

settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

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

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue 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, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds.

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

Staff costs

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

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to equipment and intangible assets comprise depreciation for the financial year, and gains and losses from the sale of equipment.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities, including loss from the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on transactions in foreign currencies 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 transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 5 years.

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

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and 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 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.

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

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

Property, plant and equipment

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	3-10 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. Investments 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 the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases

Lease payments regarding items with a value below 5,000\$ considers as operating leases and are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, the Entity has prepared no cash flow statement as such statement is included in the consolidated cash flow statement of Terzo D Holdco ApS, Business Reg. No. 42156647.