



RareWine ApS

Østre Havnepromenade 26, 5.
9000 Aalborg
CVR No. 41016221

Annual report 01.07.2023 - 30.06.2024

The Annual General Meeting adopted the
annual report on 02.12.2024

Tom Deichmann

Chairman of the General Meeting

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Entity details

Entity

RareWine ApS

Østre Havnepromenade 26, 5.

9000 Aalborg

Business Registration No.: 41016221

Registered office: Aalborg

Financial year: 01.07.2023 - 30.06.2024

Board of Directors

Tom Deichmann

Rasmus Nielsen

Rasmus Sandorff Jacobsen

Executive Board

Mads Lund Jensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Østre Havnepromenade 26, 4th floor

9000 Aalborg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of RareWine ApS for the financial year 01.07.2023 - 30.06.2024.

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 30.06.2024 and of the results of its operations for the financial year 01.07.2023 - 30.06.2024.

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.

Aalborg, 02.12.2024

Executive Board

Mads Lund Jensen

Board of Directors

Tom Deichmann

Rasmus Nielsen

Rasmus Sandorff Jacobsen

Independent auditor's report

To the shareholders of RareWine ApS

Opinion

We have audited the financial statements of RareWine ApS for the financial year 01.07.2023 - 30.06.2024, 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 30.06.2024 and of the results of its operations for the financial year 01.07.2023 - 30.06.2024 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.

Aalborg, 02.12.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Jakob Olesen

State Authorised Public Accountant

Identification No (MNE) mne34492

Management commentary

Financial highlights

	2023/24	2022/23	2021/22	2020/21	2019/20
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	796,355	766,990	881,769	636,594	422,055
Gross profit/loss	29,225	37,096	73,343	30,592	34,228
Operating profit/loss	9,912	15,283	53,180	9,895	19,960
Net financials	(17,503)	(1,531)	(8,782)	(5,713)	(2,665)
Profit/loss for the year	(8,516)	10,593	34,536	3,189	13,434
Total assets	381,962	574,947	382,468	219,385	153,258
Investments in property, plant and equipment	0	82	295	4,147	3,601
Equity	94,110	102,626	93,516	57,484	54,295
Ratios					
Gross margin (%)	3.67	4.84	8.32	4.81	8.11
EBIT margin (%)	1.24	1.99	6.03	1.55	4.73
Net margin (%)	(1.07)	1.38	3.92	0.50	3.18
Equity ratio (%)	24.64	17.85	24.45	26.20	35.43

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

Gross margin (%):

Gross profit/loss * 100

Revenue

EBIT margin (%):

Operating profit/loss * 100

Revenue

Net margin (%):

Profit/loss for the year * 100

Revenue

Equity ratio (%):

Equity * 100

Total assets

Primary activities

The company's primary activities consist in the purchase and sale of wine and spirits.

Development in activities and finances

2023/24 was a less satisfactory year for the company. Pre-tax loss for the year amounts to tDKK -7.591 and gross profit amounts to tDKK 29,225, which is considered less satisfactory.

In 2023, the Danish Customs & Tax Agency initiated a review regarding aspects of the Company's customs and VAT position. For a certain period (towards the end of the accounting period in 2023), the Management decided to postpone deliveries until clarity from the review was obtained. This led to an increase in inventory as well as an increase in prepayments received from group enterprises as of 30.06.2023. In 2023/24, clarity from the review has been obtained, and the Company continued deliveries.

As a result of the review in late 2023 and beginning of 2024, the Rare Wine Group has been faced with claims from the Danish Customs & Tax Agency for an increase in the Group's total VAT liability.

Management has sought advisory assistance on the claims. Multiple advisors have unanimously assessed that the claims are unfounded. Based on this assessment, Management has contested the claims and appealed the decisions to the court.

Management does not expect the claims to result in significant net payments to the Danish Customs and Tax Agency. To encapsulate the contested claims, the Management has decided to make a cash deposit, which will be released to the Company when Rare Wine Group, as expected, wins in court.

If the authorities win the lawsuit, the net effect for RareWine Group is estimated to be in the range of DKK 55 – 81 million after tax, which the Company can absorb - and which is already covered by the cash deposit.

Profit/loss for the year in relation to expected developments

Gross profit for the year is lower than Management expectations. Management considers profit for the year less satisfactory. For explanations for the development we refer to the section "Development in activities and finances".

Outlook

Expectations for the coming financial year is a 0-10% decrease in gross profit compared to the realised gross profit in 2023/24 due to challenging market conditions etc. Profit before tax is expected to be DKK 0-5 million.

Use of financial instruments

The Company hedges currency risks on expected transactions in foreign currency with forward exchange contracts. Forward exchange contracts relate to purchase of wine.

RareWine's policy is not to conduct active speculation in financial risks. To manage and monitor potential risks, RareWine continuously assess the bank balance and requirements and assesses the liquidity framework and the collection of funds. RareWine does not want to incur risk and minimizes it by ongoing monitoring of the currency exposures.

RareWine follows a financial policy approved by the board of directors, which operates with a low risk profile, so that currency risks only arise based on commercial conditions. RareWine's use of derivative financial instruments is regulated by internal business processes, which determines currency exposure and hedging hereof.

Risk Management - Financial risks

RareWine's policy is not to conduct active speculation in financial risks. RareWine's financial control is thus solely directed towards managing already assumed liabilities. To manage and monitor potential risks, RareWine continuously assesses the bank balance and requirements and assesses the liquidity framework and the collection of funds. RareWine does not want to incur risk and minimizes it by ongoing audits.

Other market risk

RareWine monitors the ongoing global situation in the wine market, known for stability and conservatism, to ensure continued competitiveness and a strong market position. Climate change, recession, rising interest rates, and accelerating inflation are issues that affect the global economy on a larger scale than the wine market, although price rises are still expected.

Environmental performance

As the Company does not have production or wastage of any kind, the Group's impact on the external environment is very limited.

Statutory report on corporate social responsibility

We refer to the statutory report on corporate social responsibility, which is included in the published consolidated financial statements of RWH ApS, CVR no. 38 41 94 55.

Statutory report on the underrepresented gender

2023/24

Supreme management body

Total number of members	3
Underrepresented gender (%)	0.00
Target figures (%)	33.00
Year of expected achievement of target figures	2027

The Company's general assembly-elected board consists of 3 men and no women. The Company has set a goal of achieving a balanced gender distribution (33%/66%) by the end of 2027. This means that at least one of the male board members will be replaced by a female board member.

During the financial year, the board has reviewed and adjusted the qualification requirements for the board members who will take over the positions of departing members in the coming years. The qualification requirements have been set based on the company's planned development, size, industry, etc. The board expects to find a female candidate who meets the qualification requirements within the next two years.

The target was not met in 2023/24, as there were no changes in the board's composition in 2023/24 compared to 2022/23.

2023/24

Other management levels

Total number of members	5
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The Company is exempt from providing information on targets and policies for the underrepresented gender for other management levels as the Company has fewer than 50 employees.

Statutory report on data ethics policy

We refer to the statutory report on data ethics policy, which is included in the published consolidated financial statements of RWH ApS, CVR no. 38 41 94 55.

Events after the balance sheet date

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

Income statement for 2023/24

	Notes	2023/24 DKK'000	2022/23 DKK '000
Revenue	3	796,355	766,990
Own work capitalised		1,503	2,353
Other operating income		31,787	28,398
Cost of sales		(768,828)	(711,167)
Other external expenses	4	(31,592)	(49,478)
Gross profit/loss		29,225	37,096
Staff costs	5	(14,634)	(16,520)
Depreciation, amortisation and impairment losses		(4,568)	(5,293)
Other operating expenses		(111)	0
Operating profit/loss		9,912	15,283
Other financial income	6	1,155	4,745
Other financial expenses	7	(18,658)	(6,276)
Profit/loss before tax		(7,591)	13,752
Tax on profit/loss for the year	8	(925)	(3,159)
Profit/loss for the year	9	(8,516)	10,593

Balance sheet at 30.06.2024

Assets

	Notes	2023/24 DKK'000	2022/23 DKK'000
Completed development projects	11	3,725	4,581
Acquired intangible assets		1,325	2,802
Intangible assets	10	5,050	7,383
Other fixtures and fittings, tools and equipment		2,441	2,683
Leasehold improvements		475	972
Property, plant and equipment	12	2,916	3,655
Deposits		1,736	1,758
Financial assets	13	1,736	1,758
Fixed assets		9,702	12,796
Manufactured goods and goods for resale		205,760	421,133
Prepayments for goods		30,994	53,427
Inventories		236,754	474,560
Trade receivables		294	3,620
Receivables from group enterprises		5,138	80,275
Deferred tax	14	0	379
Other receivables	15	128,769	878
Joint taxation contribution receivable		200	0
Prepayments	16	1,105	948
Receivables		135,506	86,100
Cash		0	1,491
Current assets		372,260	562,151
Assets		381,962	574,947

Equity and liabilities

	Notes	2023/24 DKK'000	2022/23 DKK'000
Contributed capital		40	40
Reserve for fair value adjustments of hedging instruments		0	13
Reserve for development expenditure		2,905	3,573
Retained earnings		91,165	99,000
Equity		94,110	102,626
Deferred tax	14	314	0
Provisions		314	0
Joint taxation contribution payable		0	3,555
Other payables		1,343	1,302
Non-current liabilities other than provisions	17	1,343	4,857
Bank loans		182,972	79,684
Prepayments received from customers		48	47
Trade payables		22,869	13,856
Payables to group enterprises		72,891	342,398
Payables to shareholders and management		2,934	32
Joint taxation contribution payable		3,555	10,819
Other payables		926	20,628
Current liabilities other than provisions		286,195	467,464
Liabilities other than provisions		287,538	472,321
Equity and liabilities		381,962	574,947
Unusual circumstances	1		
Events after the balance sheet date	2		
Financial instruments	18		
Unrecognised rental and lease commitments	19		
Contingent liabilities	20		
Assets charged and collateral	21		
Related parties with controlling interest	22		
Non-arm's length related party transactions	23		
Group relations	24		

Statement of changes in equity for 2023/24

	Contributed capital DKK'000	Reserve for fair value adjustments of hedging instruments DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	40	13	3,573	99,000	102,626
Transfer to reserves	0	(13)	(668)	681	0
Profit/loss for the year	0	0	0	(8,516)	(8,516)
Equity end of year	40	0	2,905	91,165	94,110

Notes

1 Unusual circumstances

In 2023, the Danish Customs & Tax Agency initiated a review regarding aspects of the Company's customs and VAT position. For a certain period (towards the end of the accounting period in 2023), the Management decided to postpone deliveries until clarity from the review was obtained. This led to an increase in inventory as well as an increase in prepayments received from group enterprises as of 30.06.2023. In 2023/24, clarity from the review has been obtained, and the Company continued deliveries.

As a result of the review in late 2023 and beginning of 2024, the Rare Wine Group has been faced with claims from the Danish Customs & Tax Agency for an increase in the Group's total VAT liability.

Management has sought advisory assistance on the claims. Multiple advisors have unanimously assessed that the claims are unfounded. Based on this assessment, Management has contested the claims and appealed the decisions to the court.

Management does not expect the claims to result in significant net payments to the Danish Customs and Tax Agency. To encapsulate the contested claims, the Management has decided to make a cash deposit, which will be released to the Company when Rare Wine Group, as expected, wins in court.

If the authorities win the lawsuit, the net effect for RareWine Group is estimated to be in the range of DKK 55 – 81 million after tax, which the Company can absorb - and which is already covered by the cash deposit.

2 Events after the balance sheet date

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

3 Revenue

	2023/24 DKK'000	2022/23 DKK'000
Denmark	395,001	718,108
United Kingdom	401,354	48,882
Total revenue by geographical market	796,355	766,990
Wine	674,970	637,321
Spirits	120,862	128,469
Others	523	1,200
Total revenue by activity	796,355	766,990

4 Fees to the auditor appointed by the Annual General Meeting

Fees for auditors is by the General Meeting exempted from disclosure in accordance with §96 (3), as the information is included in the consolidated annual report for RWH ApS, Aalborg (VAT. no 38419455)

5 Staff costs

	2023/24	2022/23
	DKK'000	DKK'000
Wages and salaries	13,357	17,521
Pension costs	1,042	1,118
Other social security costs	235	234
	14,634	18,873
Staff costs transferred to discontinued operations	0	(2,353)
	14,634	16,520
Average number of full-time employees	21	26

	Remuneration of Management 2023/24 DKK'000	Remuneration of Management 2022/23 DKK'000
Total amount for management categories	944	1,147
	944	1,147

According to section 98B (3) no. 1 of the Danish Financial Statement Act, remuneration to management has been disclosed together under one category, as it otherwise will lead to an individual's remuneration being disclosed.

6 Other financial income

	2023/24	2022/23
	DKK'000	DKK'000
Financial income from group enterprises	217	2,643
Other interest income	10	0
Exchange rate adjustments	928	2,102
	1,155	4,745

7 Other financial expenses

	2023/24	2022/23
	DKK'000	DKK'000
Financial expenses from group enterprises	4,985	743
Other interest expenses	13,427	4,729
Exchange rate adjustments	246	804
	18,658	6,276

8 Tax on profit/loss for the year

	2023/24 DKK'000	2022/23 DKK'000
Current tax	0	3,555
Change in deferred tax	693	(396)
Adjustment concerning previous years	432	0
Refund in joint taxation arrangement	(200)	0
	925	3,159

9 Proposed distribution of profit and loss

	2023/24 DKK'000	2022/23 DKK'000
Retained earnings	(8,516)	10,593
	(8,516)	10,593

10 Intangible assets

	Completed development projects DKK'000	Acquired intangible assets DKK'000
Cost beginning of year	9,690	8,247
Additions	1,503	105
Disposals	(111)	0
Cost end of year	11,082	8,352
Amortisation and impairment losses beginning of year	(5,109)	(5,445)
Amortisation for the year	(2,248)	(1,582)
Amortisation and impairment losses end of year	(7,357)	(7,027)
Carrying amount end of year	3,725	1,325

11 Development projects

Completed development projects comprises development etc. of IT applications. As of 30 June 2024 the carrying amount of completed development projects amounts to tDKK 3.725 The amortisation period for completed development projects is set to 3 years.

Management has not identified any indication of impairment regarding the carrying amount of completed development projects.

Acquired intangible assets comprises cost from development of new ERP-system. A significant part of cost from development of new ERP-system is internal cost in the form of direct wages in the development department. The amortisation period for acquired intangible assets is set to 3 years.

12 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	3,186	2,217
Cost end of year	3,186	2,217
Depreciation and impairment losses beginning of year	(503)	(1,245)
Depreciation for the year	(242)	(497)
Depreciation and impairment losses end of year	(745)	(1,742)
Carrying amount end of year	2,441	475

13 Financial assets

	Deposits DKK'000
Cost beginning of year	1,758
Disposals	(22)
Cost end of year	1,736
Carrying amount end of year	1,736

14 Deferred tax

	2023/24 DKK'000	2022/23 DKK'000
Intangible assets	(404)	(754)
Property, plant and equipment	(395)	(407)
Inventories	485	1,540
Deferred tax	(314)	379

	2023/24 DKK'000	2022/23 DKK'000
Changes during the year		
Beginning of year	379	(17)
Recognised in the income statement	(693)	396
End of year	(314)	379

15 Other receivables

Other receivables primarily consist of VAT deposits regarding the VAT claim from The Danish Customs & Tax Agency, mentioned in note 1. The VAT deposit is expected to be received later than one year from the balance sheet date.

16 Prepayments

Prepayments comprises prepaid expenses such as software licens, lease payments, insurance and other prepaid expenses.

17 Non-current liabilities other than provisions

	Due after more than 12 months 2023/24 DKK'000	Outstanding after 5 years 2023/24 DKK'000
Other payables	1,343	1,343
	1,343	1,343

18 Financial instruments

The Company hedges currency risks on expected transactions in EUR, USD, GBP and CHF with forward exchange contracts. Forward exchange contracts relates to purchase of wine. Value adjustments are recognized in the equity and are expected to be carried out and recognized in the income statement after the balance sheet day. The duration on the forward exchange contracts is 1-2 months.

The fair value has not been calculated on the basis of observations in an active market. For the valuation of the fair value as of the balance sheet date, the statement of the bank has been used due to the Company's credit rating. At the balance sheet date the Group has no forward exchange contract

19 Unrecognised rental and lease commitments

	2023/24 DKK'000	2022/23 DKK'000
Liabilities under rental or lease agreements until maturity in total	2,132	3,765

20 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where R. N. Holding ApS, CVR-nr. 29 77 98 72 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

The company is liable for the group's bank debt. The group-level bank debt amounts to 191 mio. DKK

As security for bank debt, the Company has provided a floating charge of tDKK 236,000 including, but non-exhaustive, intangible assets, property, plant and equipment, trade receivables and inventories. The booked value of these at the balance sheet date amounts to tDKK 250,152.

22 Related parties with controlling interest

RWH ApS, Aalborg, CVR-nr. 38 41 94 55 owns majority shares in the Entity, thus exercising control.

R. N. Holding ApS, Aalborg, CVR-nr. 29 77 98 72 owns the majority of the shares in RWH ApS, thus exercising control.

Rasmus Nielsen owns the majority of the shares in R. N. Holding ApS, thus exercising control.

23 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.

24 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
R. N. Holding ApS, Aalborg, CVR-nr. 29 77 98 72.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
RWH ApS, Aalborg, CVR-nr. 38 41 94 55.

Accounting policies

Reporting class

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

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue from the sale of 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.

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets.

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 property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other 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 dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies 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**Intellectual property rights etc**

Intellectual property rights etc comprise development projects completed, 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 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.

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 3 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation.

Intellectual property rights acquired are amortised on a straight-line over a period of 1-3 years.

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

Property, plant and equipment

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

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

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

	Useful life
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	3-5 years

Estimated useful lives and residual values are reassessed annually.

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

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

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

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts. Other receivables consists of VAT and deposit payment regarding the VAT claim from The Danish Customs & Tax Agency.

Deferred tax

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

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

Joint taxation contributions receivable or payable

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

Prepayments

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

Cash

Cash comprises bank deposits.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Prepayments received from customers

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

Cash flow statement

The entity has not been given information about the cash flow statement with reference to the one that will be presented in the consolidated annual report for RWH ApS, Aalborg, CVR-nr. 38 41 94 55.