BUUS JENSEN
Statsautoriserede Revisorer

NGI A/S

Virkelyst 5, 9400 Nørresundby

Company reg. no. 20 86 17 70

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 18 June 2024.

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Andrea Volpi
Chairman of the meeting

Contents

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of NGI A/S for the financial year 1 January - 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Nørresundby, 18 June 2024

Managing Director

Jan Nygaard

Board of directors

Andrea Volpi Chairman	Jan Nygaard	Richard Neil Smith
Tom Bjerg Lauritzen		

Independent auditor's report

To the Shareholder of NGI A/S

Opinion

We have audited the financial statements of NGI A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under 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 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 are independent of the Company 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 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 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 judgment and maintain professional skepticism 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 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 Management’s Review

Management is responsible for Management’s Review.

Our opinion on the financial statements does not cover 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 Management’s Review and, in doing so, consider whether 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 Management’s Review provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that 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 Management's Review.

Copenhagen, 18 June 2024

BUUS JENSEN
State Authorised Public Accountants
Company reg. no. 16 11 90 40

Ulrik Nørskov State Authorised Public Accountant mne29456	Benjamin Møller Obel State Authorised Public Accountant mne44149

Company information

The company	NGI A/S Virkelyst 5 9400 Nørresundby	
	Company reg. no.	20 86 17 70
	Established:	14 May 1998
	Domicile:	Aalborg
	Financial year:	1 January - 31 December 26th financial year
Board of directors	Andrea Volpi, Chairman Jan Nygaard Richard Neil Smith Tom Bjerg Lauritzen	
Managing Director	Jan Nygaard	
Auditors	BUUS JENSEN, Statsautoriserede revisorer	
Parent company	NGI Holding ApS 35 63 98 53	
Subsidiaries	NGI Leveling System Inc., USA NGI Ejendomme ApS, Denmark NGI GmbH, Germany	

Financial highlights

DKK in thousands.	2023	2022	2021	2020	2019
Income statement:					
Gross profit	175.716	188.666	173.955	132.102	125.558
Profit from operating activities	66.609	88.426	70.863	46.126	47.535
Net financials	-1.081	1.274	-296	-2.525	-866
Net profit or loss for the year	47.087	75.924	52.992	32.017	33.655
Statement of financial position:					
Balance sheet total	600.439	543.680	474.699	405.706	365.345
Investments in property, plant and equipment	8.230	15.800	22.621	18.320	8.527
Equity	527.436	480.508	404.585	351.593	319.576
Employees:					
Average number of full-time employees	132	162	143	126	113
*Average number of employees from 2019-2022 includes employees of discountinued operations in 2022					
Key figures in %:					
Acid test ratio	531,0	577,5	417,9	458,9	434,2
Solvency ratio	87,8	88,4	85,2	86,7	87,5
Return on equity	9,3	17,2	14,0	9,5	11,1

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.

Management´s review

Description of key activities of the company

Like previous years, the activities are developing, producing and selling steel and rubber components as semifinished products to the machine industry.

Uncertainties connected with recognition or measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Development in activities and financial matters

The gross profit for the year totals DKK 175.715.630 against DKK 188.665.930 last year. Income from ordinary activities after tax totals DKK 47.086.868 against DKK 67.562.092 last year. Management considers the net profit for the year satisfactory.

In the financial year 2022, the company sold the business segment providing sub-contracting work for system providers. Impact from the sale is described in note 5 for discontinued activities and appears in the income statement.

New products

In the financial year, the company has launched several new products, which are expected to have a positive impact on the company's turnover and result going forward.

Research and development activities

Continuous adaptation and improvement of the company's products are being made. Costs associated in the development of products are recognised under development projects in the balance sheet.

Outlook

The company's management's expectation for 2024 are that the company will improve its gross profit and cash flow in the range of 10-20%.

Environmental issues

The company regularly evaluate and actively take actions to reduce its environmental footprint according to UN’s 17 sustainable development goals. All the company’s products are designed to reduce energy, water and detergent consumption in use.

Branches abroad

The company has a branch in Italy (NGI Italy), the branch constitutes an insignificant share of the company's result.

Financial risks and the use of financial instruments

Foreign currency risks

Exports are mainly in EUR and USD. No exchange rate risk hedging agreements will be made.

Credit risks

Deposits on demand are placed at systemic banks. Historically loss on trade receivables has been very low and by large trade receivables are counterparts with good credit ratings.

Events occurring after the end of the financial year

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2023	2022
	Gross profit	**175.715.630**	**188.665.930**
1	Staff costs	-77.630.399	-73.163.898
	Depreciation, amortisation, and impairment	-31.476.335	-27.076.170
	Operating profit	**66.608.896**	**88.425.862**
	Income from investments in group enterprises	-6.614.333	-368.850
	Other financial income from group enterprises	2.306.819	1.034.955
	Other financial income	6.624.448	3.840.788
2	Other financial expenses	-3.398.170	-3.233.315
	Pre-tax net profit or loss	**65.527.660**	**89.699.440**
3	Tax on net profit or loss for the year	-18.440.792	-22.137.348
4	Results for the year after tax on discontinued operations	0	8.361.813
5	**Net profit or loss for the year**	**47.086.868**	**75.923.905**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2023	2022
	Non-current assets		
6	Completed development projects, including patents and similar rights arising from development projects	17.150.101	11.667.340
7	Acquired concessions, patents, licenses, trademarks, and similar rights	1.825.656	865.056
8	Goodwill	125.377.724	137.811.884
9	Development projects in progress and prepayments for intangible assets	9.391.979	17.526.451
	Total intangible assets	153.745.460	167.870.731
10	Plant and machinery	33.781.755	39.073.497
11	Other fixtures, fittings, tools and equipment	7.412.029	6.709.435
	Total property, plant, and equipment	41.193.784	45.782.932
12	Investments in group enterprises	35.441.379	42.215.188
13	Receivables from group enterprises	29.785.730	32.658.284
14	Other receivables	4.093.045	5.457.393
	Total investments	69.320.154	80.330.865
	Total non-current assets	**264.259.398**	**293.984.528**
	Current assets		
	Raw materials and consumables	19.674.857	19.957.144
	Work in progress	45.806.047	45.591.728
	Manufactured goods and goods for resale	5.002.241	4.747.145
	Total inventories	70.483.145	70.296.017
	Trade receivables	44.516.563	44.422.011
	Receivables from group enterprises	190.821.734	23.330.302
	Income tax receivables	342.888	0
	Other receivables	3.636.614	2.505.944
15	Prepayments	1.847.318	2.016.748
	Total receivables	241.165.117	72.275.005
	Cash and cash equivalents	24.531.692	107.124.176
	Total current assets	**336.179.954**	**249.695.198**
	Total assets	**600.439.352**	**543.679.726**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2023	2022
	Equity		
	Contributed capital	1.010.000	1.010.000
	Reserve for net revaluation according to the equity method	0	117.408
	Reserve for development costs	20.702.822	22.771.157
	Reserve for foreign currency translation	-159.476	0
	Retained earnings	505.882.462	456.609.851
	Total equity	**527.435.808**	**480.508.416**
	Provisions		
16	Provisions for deferred tax	8.272.676	9.202.000
	Total provisions	**8.272.676**	**9.202.000**
	Liabilities other than provisions		
	Lease liabilities	1.418.418	1.780.213
	Other payables	0	8.954.401
17	Total long term liabilities other than provisions	1.418.418	10.734.614
17	Current portion of long term liabilities	364.667	352.185
	Bank loans	573.840	419.259
	Trade payables	32.072.425	34.694.538
	Payables to group enterprises	1.298.535	1.424.802
	Income tax payable	0	63.386
	Income tax payable to group enterprises	19.765.592	1.888.476
	Other payables	9.237.391	4.392.050
	Total short term liabilities other than provisions	63.312.450	43.234.696
	Total liabilities other than provisions	**64.730.868**	**53.969.310**
	Total equity and liabilities	**600.439.352**	**543.679.726**

18 Contingencies

19 Related parties

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for net revaluation according to the equity method	Reserve for development costs	Reserve for foreign currency translation	Retained earnings	Total
Equity 1 January 2022	1.010.000	486.258	22.664.480	0	380.423.773	404.584.511
Share of profit or loss	0	-368.850	0	0	76.292.755	75.923.905
Transferred from retained earnings	0	0	106.677	0	-106.677	0
Equity 1 January 2023	1.010.000	117.408	22.771.157	0	456.609.851	480.508.416
Share of profit or loss	0	-117.408	0	0	47.204.276	47.086.868
Transferred from retained earnings	0	0	-2.068.335	0	2.068.335	0
Foreign currency translation adjustments	0	0	0	-159.476	0	-159.476
	1.010.000	**0**	**20.702.822**	**-159.476**	**505.882.462**	**527.435.808**

Notes

All amounts in DKK.

		2023	2022
1.	**Staff costs**		
	Salaries and wages	69.266.829	66.221.656
	Pension costs	7.312.532	5.912.172
	Other costs for social security	1.051.038	1.030.070
		77.630.399	**73.163.898**
	Executive board and board of directors	3.130.865	
	Average number of employees	132	162

Pursuant to section 98b of the Danish Financial Statements Act. 3, second paragraph, are the comparative figures of management's remuneration omitted.

In the financial year 2022 staff costs regarding discontinued operations are presented as expenses in note 4.
Staff costs regarding discontinued operations amounts to
Salaries and wages: 14.812.081 DKK
Pension costs: 1.756.575 DKK
Other costs for social security: 285.537 DKK
Average number of employees are 36

Average number of employees regarding discontinued operations are included in note 1.

		2023	2022
2.	**Other financial expenses**		
	Financial costs, group enterprises	0	17.678
	Other financial costs	3.398.170	3.215.637
		3.398.170	**3.233.315**

		2023	2022
3.	**Tax on net profit or loss for the year**		
	Tax on net profit or loss for the year	19.246.898	21.373.072
	Adjustment of deferred tax for the year	-929.324	641.594
	Adjustment of tax for previous years	0	63.091
	Other taxes	123.218	59.591
		18.440.792	**22.137.348**

Notes

All amounts in DKK.

4. Discontinued operations

In 2022, as a part of the enterprise's future strategy, the management has decided to discontinue the business segment providing subcontracting work for system providers, which, as a result, is recognised in a separate item in the comparative figures of the income statement as ”Post-tax net profit or loss for the year on discontinued operations”.

	2022
Breakdown of post-tax net profit or loss for the year of discontinued operations into principal items:	
Revenue	36.024.848
Expenses	-29.662.718
Profit of goodwill	2.368.869
Profit on tangible assests	1.989.274
Pre-tax profit or loss	10.720.273
Tax on results	-2.358.460
Post-tax net profit or loss for the year of discontinued operations	**8.361.813**

	2023	2022
5. Proposed distribution of net profit		
Reserves for net revaluation according to the equity method	-117.408	-368.850
Transferred to retained earnings	47.204.276	76.292.755
Total allocations and transfers	**47.086.868**	**75.923.905**
Extraordinary dividend distributed after end of reporting period	150.000.000	0

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
6.	**Completed development projects, including patents and similar rights arising from development projects**		
	Cost 1 January 2023	25.774.531	21.009.074
	Additions during the year	147.214	2.259.199
	Disposals during the year	0	-54.155
	Transfers	11.245.414	2.560.413
	Cost 31 December 2023	**37.167.159**	**25.774.531**
	Amortisation and write-down 1 January 2023	-14.107.191	-10.714.699
	Amortisation and depreciation for the year	-5.909.867	-3.446.645
	Depreciation, amortisation and impairment loss for the year, assets disposed of	0	54.153
	Amortisation and write-down 31 December 2023	**-20.017.058**	**-14.107.191**
	Carrying amount, 31 December 2023	**17.150.101**	**11.667.340**

7.	**Acquired concessions, patents, licenses, trademarks, and similar rights**		
	Cost 1 January 2023	10.078.759	12.656.409
	Additions during the year	1.273.849	355.595
	Disposals during the year	0	-2.933.245
	Cost 31 December 2023	**11.352.608**	**10.078.759**
	Amortisation and write-down 1 January 2023	-9.213.703	-11.339.077
	Amortisation and depreciation for the year	-313.249	-807.871
	Depreciation, amortisation, and impairment loss for the year, assets disposed of	0	2.933.245
	Amortisation and write-down 31 December 2023	**-9.526.952**	**-9.213.703**
	Carrying amount, 31 December 2023	**1.825.656**	**865.056**

All amounts in DKK.

		31/12 2023	31/12 2022
8.	**Goodwill**		
	Cost 1 January 2023	248.683.141	248.683.141
	Cost 31 December 2023	**248.683.141**	**248.683.141**
	Amortisation and write-down 1 January 2023	-110.871.257	-98.437.097
	Amortisation and depreciation for the year	-12.434.160	-12.434.160
	Amortisation and write-down 31 December 2023	**-123.305.417**	**-110.871.257**
	Carrying amount, 31 December 2023	**125.377.724**	**137.811.884**

9.	**Development projects in progress and prepayments for intangible assets**		
	Cost 1 January 2023	17.526.451	18.762.651
	Additions during the year	3.110.942	1.324.213
	Transfers	-11.245.414	-2.560.413
	Cost 31 December 2023	**9.391.979**	**17.526.451**
	Carrying amount, 31 December 2023	**9.391.979**	**17.526.451**

10.	**Plant and machinery**		
	Cost 1 January 2023	73.843.369	64.674.330
	Additions during the year	5.312.670	13.543.014
	Disposals during the year	0	-4.373.975
	Cost 31 December 2023	**79.156.039**	**73.843.369**
	Depreciation and write-down 1 January 2023	-34.769.872	-30.666.141
	Amortisation and depreciation for the year	-10.604.412	-8.358.525
	Impairment loss for the year	0	4.254.794
	Depreciation and write-down 31 December 2023	**-45.374.284**	**-34.769.872**
	Carrying amount, 31 December 2023	**33.781.755**	**39.073.497**
	Lease assets are recognised at a carrying amount of	1.080.160	1.548.148

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
11.	**Other fixtures, fittings, tools and equipment**		
	Cost 1 January 2023	18.442.417	17.560.104
	Additions during the year	2.917.241	2.256.763
	Disposals during the year	0	-1.374.450
	Cost 31 December 2023	**21.359.658**	**18.442.417**
	Depreciation and write-down 1 January 2023	-11.732.982	-10.979.770
	Amortisation and depreciation for the year	-2.214.647	-2.045.886
	Impairment loss for the year	0	146.373
	Depreciation, amortisation and impairment loss for the year, assets disposed of	0	1.146.301
	Depreciation and write-down 31 December 2023	**-13.947.629**	**-11.732.982**
	Carrying amount, 31 December 2023	**7.412.029**	**6.709.435**

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
12.	**Investments in group enterprises**		
	Cost 1 January 2023	42.097.780	41.952.186
	Additions during the year	0	145.594
	Cost 31 December 2023	**42.097.780**	**42.097.780**
	Revaluations, opening balance 1 January 2023	2.722.860	486.258
	Translation at the exchange rate at the balance sheet date	-159.476	0
	Net profit or loss for the year before amortisation of goodwill	-3.979.756	2.236.602
	Revaluation 31 December 2023	**-1.416.372**	**2.722.860**
	Amortisation of goodwill, opening balance 1 January 2023	-2.605.452	0
	Amortisation of goodwill for the year	-2.634.577	-2.605.452
	Depreciation on goodwill 31 December 2023	**-5.240.029**	**-2.605.452**
	Carrying amount, 31 December 2023	**35.441.379**	**42.215.188**
	The item includes goodwill with an amount of	20.960.117	23.594.694
	Goodwill is recognised under the item "Additions during the year" with an amount of	0	145.594

Group enterprises:

	Domicile	Equity interest
NGI Leveling System Inc.	USA	100 %
NGI Ejendomme ApS	Denmark	100 %
NGI GmbH	Germany	81 %

All amounts in DKK.

		31/12 2023	31/12 2022
13.	**Receivables from group enterprises**		
	Cost 1 January 2023	32.658.284	0
	Additions during the year	0	32.658.284
	Disposals during the year	-2.872.554	0
	Cost 31 December 2023	**29.785.730**	**32.658.284**
	Carrying amount, 31 December 2023	**29.785.730**	**32.658.284**
	Specifically stated as follows:		
	Receivables from NGI Ejendomme ApS	23.540.512	24.848.319
	Receivables from Momentum Technologies GmbH	6.245.218	7.809.965
		29.785.730	**32.658.284**

		31/12 2023	31/12 2022
14.	**Other receivables**		
	Cost 1 January 2023	5.457.393	0
	Additions during the year	0	5.457.393
	Disposals during the year	-1.364.348	0
	Cost 31 December 2023	**4.093.045**	**5.457.393**
	Carrying amount, 31 December 2023	**4.093.045**	**5.457.393**
	Specifically stated as follows:		
	Other receivables	4.093.045	5.457.393
		4.093.045	**5.457.393**

All amounts in DKK.

		31/12 2023	31/12 2022
15.	**Prepayments**		
	Prepaid expenses	1.847.318	2.016.748
		1.847.318	**2.016.748**

		31/12 2023	31/12 2022
16.	**Provisions for deferred tax**		
	Provisions for deferred tax 1 January 2023	9.202.000	8.560.406
	Deferred tax relating to the net profit or loss for the year	-929.324	641.594
		8.272.676	**9.202.000**

17. Long term labilities other than provisions

	Total payables 31 Dec 2023	Current portion of long term payables	Long term payables 31 Dec 2023	Outstanding payables after 5 years
Lease liabilities	1.783.085	364.667	1.418.418	0
	1.783.085	**364.667**	**1.418.418**	**0**

All amounts in DKK.

18. Contingencies

Contingent liabilities

Lease liabilities
The company has entered into lease contracts with rent commitment of DKK 198 thousand.

Joint taxation

With NGI Holding ApS, company reg. no 35639853 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

19. Related parties

Controlling interest

NGI Holding ApS, Virkelyst 5, 9400 Nørresundby	Majority shareholder

Transactions

All transactions with related parties have been carried out on market terms.

Accounting policies

The annual report for NGI A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

No consolidated financial statements have been prepared pursuant to section 112 (1) of the Danish Financial Statements Act. The financial statements of NGI A/S and its group enterprises are included in the consolidated financial statements for NGI Holding ApS, Aalborg, CVR nr. 35 63 98 53.

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of NGI Holding ApS.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Recognition of discontinued operations

Discontinued operations represent a considerable part of the enterprise if activities and cash flows, in operational and accounting terms, are recognised separately from the rest of the enterprise and if the entity has either been sold or demerged and held for sale and this sale is expected to be completed within one year in accordance with a formal plan. Also, discontinued operations comprise enterprises which, on acquisition, were classified as held for sale.

Post-tax profit or loss on discontinued operations and value adjustments after tax on related assets and liabilities as well as gains/losses from sales are recognised as separate items in the income statement without restating comparatives. Revenue, costs, value adjustments, and tax on the discontinued operation in question are recognised in the notes. Assets and related liabilities concerning discontinued operations are recognised as separate items in the statement of financial position without restating comparatives and the principal items are specified in the notes.

Assets relating to discontinued operations comprise non-current assets and disposal groups, the disposal of which is expected as a result of discontinued operations. Disposal groups are assets disposed of in whole by sale or similar transaction. Liabilities arising from assets concerning discontinued operations are obligations related directly to these assets and will be transferred upon transaction. Assets are classified as assets relative to discontinued operations when their carrying amount is primarily recovered through disposal within a 12-month period in accordance with a formal plan rather than through continued use.

Assets or disposal groups relative to discontinued operations are measured at the lowest value at the time of an operation being classified as a discontinued operation, or at fair value less sales costs. Assets are not depreciated or amortised as of the time they are classified as discontinued operations.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve in the Consolidated Financial Statement. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Business combinations

Acquisitions completed by the 1 July 2018 or later (method of consolidation)

Acquisition of group enterprises are dealt with in accordance with the acquisition method, and afterwards the assets and liabilities of the acquired entity are measured at fair value at the date of acquisition. If it is possible to measure the value reliably, acquired contingent liabilities are measured at fair value under the item Equity investments in group enterprises.

The date of acquisition is the date when control of the acquired entity is obtained.

The cost of the acquired entity represents the fair value of the consideration agreed upon, including the considerations that are conditional on future events. Transaction costs directly attributable to the acquisition of group enterprises are added to the equity investment.

Positive differences between the cost of the acquired entity and the identified assets and liabilities are recognised in the equity investment as goodwill, which is amortised on a straight-line basis in the income statement over the expected useful life. Amortisation of goodwill is allocated to the functions to which the goodwill relates. If the difference is negative, this is recognised immediately in the income statement.

If the allocation of the purchase price is not final, positive and negative differences from acquired group enterprises may, as a result of changes in recognition and measurement of the identified net assets, be adjusted up to 12 months from the date of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including depreciation already made.

If the cost includes contingent considerations, these are measured at fair value at the date of acquisition. Subsequently, contingent considerations at fair value are measured again. Value adjustments are recognised in the income statement.

In case of step-by-step acquisitions, the value of the hitherto equity holding in the acquired entity is measured again at the fair value at the date of acquisition. The difference between the carrying amount of the hitherto equity investment and the fair value is recognised in the income statement.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

The enterprise will be applying IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the individual entities are recognised in the income statement as a proportional share of the entities' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs comprise salaries, wages, and amortisation directly attributable to development activities.

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and write-downs for impairment.

After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is usually 5 years.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 5 years.

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. Goodwill is amortised over the estimated useful life, which is determined on the basis of management's experience in the individual business areas. Goodwill is amortised on a straightline basis over the amortisation period, which is set at 20 years. The amortisation period is determined on the basis of an expected pay-back period, being the longer for strategical acquirees with a strong market position and an expected longterm earnings profile.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Plant and machinery	5-8 years
Other fixtures and fittings, tools and equipment	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value of the asset being leased or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Investments in group enterprises

Investments in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in group enterprises are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterprises with a strong market position and a long-term earnings profile.

Investments in group enterprises with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Reserve for foreign currency translation

The reserve for foreign currency translation arises when translating accounting items in foreign currency.

The reserve is dissolved once the value adjustments have been applied or reversed.

The reserve is distributable.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Tax receivables from group enterprises" or "Income tax payable to group enterprises"

According to the rules of joint taxation, NGI A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.