FabricAir

FabricAir A/S
Sandvadsvej 2, 4600 Køge
Company reg. no. 24 20 48 12

Annual Report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 3 April 2024.

Brian Norup Refsgaard
Chairman of the meeting

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MANAGEMENT'S REVIEW

smart air solutions.

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Letter from the CEO

Brian Refsgaard
CEO & Owner

2023 – A YEAR OF INVESTMENTS

When evaluating 2023, the overall conclusion becomes “a year of investments”. Looking isolated at this fiscal year, our financial results did not reach previous year’s level. Nevertheless, we are not concerned about the isolated reduction in earnings in 2023. The result reached, was slightly below expectations, but in general the reduction was foreseen since the additional overhead encountered this year is part of a larger plan initiated already in 2021, preparing FabricAir for the future.

Our total business volume increased by approx. 7% in 2023, but due to increases in cost of raw materials earnings was under pressure in the first half of the year. In second half things where more or less back to normal, but the situation from the beginning of the year affected the total GP for the year.

GROWTH THROUGH GLOBAL CHALLENGES

FabricAir is affected and concerned by the unyielding global conflicts and geopolitical tensions. The war in Ukraine, the war in Gaza, the volatile situation in South China Sea – just to mention some of them. The global stability is under pressure. With a harmful global inflation and interests’ rates at levels not seen in many years, market conditions were definitely challenging in 2023 - and the outlook for 2024 is not much different. But FabricAir was and are well prepared. Despite the challenging market conditions, we were able to grow our revenue by more than 7% in 2023. We expect our growth will be even higher in 2024.

BUILDING A STRONGER ORGANIZATION AND STRATEGY

Throughout the year FabricAir has continued our efforts in completing our organization to match our future goals. In 2023 our Board of Directors together with our newly established Executive Management Team initiated a new strategy plan fully focused on our long-term ambitions. The new strategy does not only focus on extending existing business but opens for new angles and directions within our core knowledge areas. A couple of initial results from this new strategy were the acquisition of Borealis Wind Inc. in Canada, and the roll-out of installation service in several European countries.

This is just the beginning. For almost two decades FabricAir has invested heavily in digitalization of most of our internal procedures. These relatively invisible investments in our internal structure have made us incredibly scalable. This is among others one of the areas we intend to take advantage of in the future.

A MORE SUSTAINABLE FUTURE

Another important pillar in our strategy is our continued focus on sustainability and our ESG work. Several years ago, when this process first started, we decided to set the bar high. With the implementation of our new circular business model within our new brand “BorealisWind” we have taken another major step in the right direction. But it is a long process, and although we have been working very focused for several years, there is still lots of work to do. We have year after year become better, and so we will continue for years to come.

I would like to thank all customers and business partners for another year of great cooperation. At the same time, I would also like to express my sincerest gratitude and recognition to all employees, the management, and the Board of Directors within FabricAir for their dedication and outstanding efforts in 2023.

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Financial Highlights

CONSOLIDATED FINANCIAL HIGHLIGHTS

DKK in thousands.	2023	2022	2021	2020	2019
INCOME STATEMENT:					
Gross profit	84.454	83.986	71.157	56.560	50.488
EBITDA	7.230	15.598	15.442	11.607	4.238
Profit from operating activities	3.848	12.495	12.270	8.921	2.048
Net financials	-1.692	-1.364	-727	-800	-794
Earnings before tax	2.156	11.131	11.543	8.121	1.254
STATEMENT OF FINANCIAL POSITION:					
Balance sheet total	86.271	63.246	53.785	45.365	36.840
Equity	30.972	31.660	27.874	22.550	14.557
CASH FLOWS:					
Operating activities	368	4.946	6.886	4.048	4.217
Investing activities	-17.939	-3.152	-2.742	-2.947	-4.941
Of which investments in intangibles and tangible fixed assets	-17.939	-3.152	-2.742	-2.947	-4.941
Financing activities	16.997	0	-3.000	0	0
Total cash flows	-573	1.794	1.144	1.101	-724
EMPLOYEES:					
Average number of full time employees	219	209	194	160	143
KEY FIGURES IN %:					
Return on assets	2,0	19,9	19,3	19,7	5,6
Solvency ratio	35,9	50,1	51,8	49,7	39,5
Return on equity	4,2	22,8	45,5	36,0	8,6

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

DKK'000
84.454
GROSS PROFIT
2023

DKK'000
7.230
EBITDA
2023

DKK'000
2.156
EBT 2023

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Our Business

PIONEERS IN FABRIC AIR DISPERSION

FabricAir was founded in 1973, making it the oldest company in the Fabric Air Dispersion Industry. At the end of 2023, the FabricAir Group consists of a total of 19 legal entities located all over the world. Our company employs people from 25+ nationalities representing a diverse culture. We deliver on our promise to our customers - be global and act local.

Our flexible and innovative working model and organization allow us to continually expand to new markets. While we are a global company, everything we do is local-focused.

2
PRODUCTION FACILITIES

19
SUBSIDIARIES

120+
MARKETS

25+
NATIONALITIES

50+
YEARS OF EXPERIENCE

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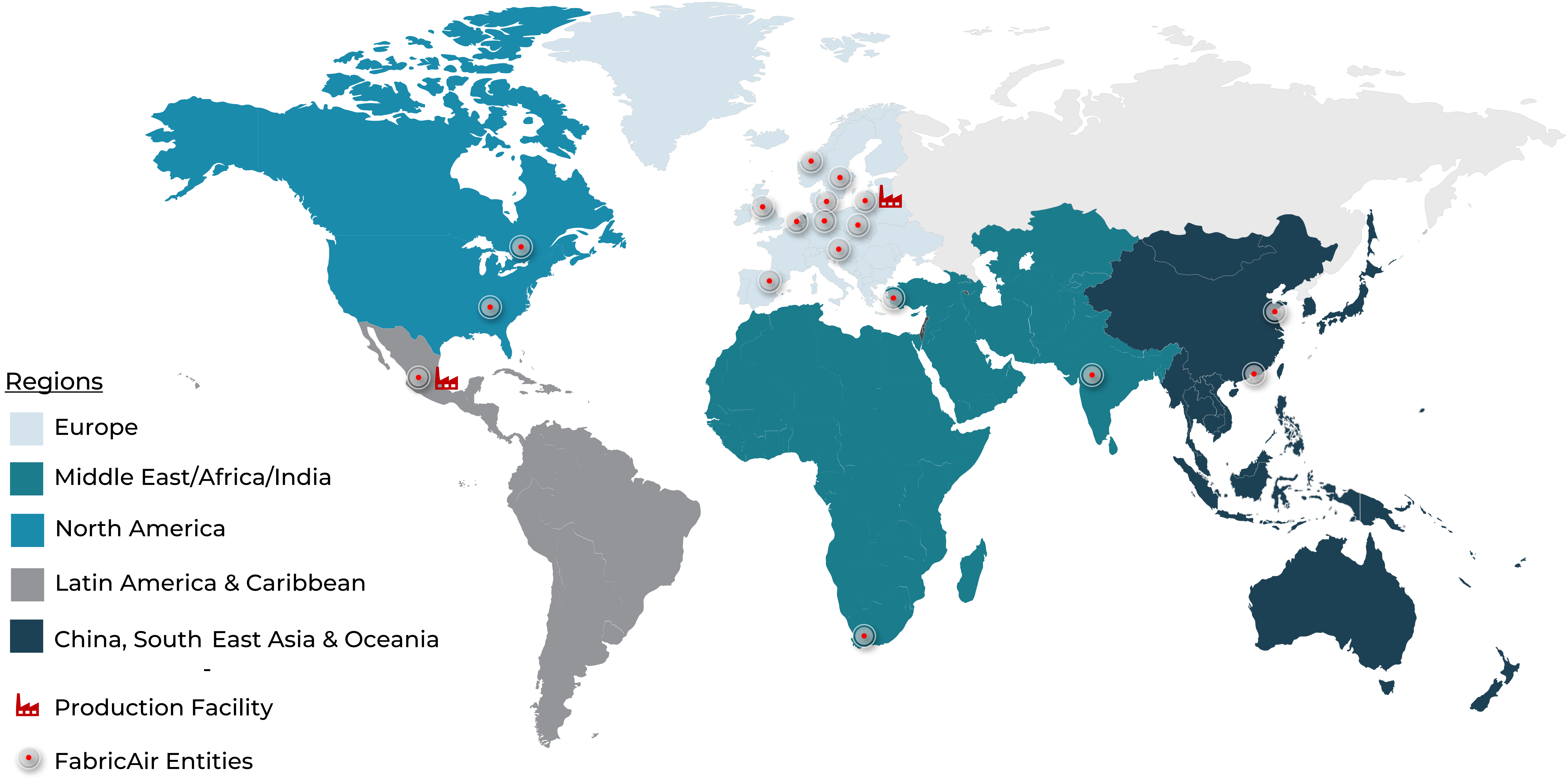
GLOBAL PRESENCE

To serve customers globally, FabricAir has segmented the world into five regions:
Europe, Middle East/Africa/India, North America, Latin America/Caribbean, and South-East Asia/Oceania.



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Highlights from the year

FabricAir | BorealisWind Ice Protection System

NEW PRODUCT LINE INTRODUCED

Until mid-2023 the company went to market primarily under the FabricAir brand. On June 1st, 2023, we acquired Borealis Wind Inc. in Canada – a Clean Tech company who has developed and globally patented a unique Ice Protection System for wind turbines, with FabricAir products integrated into the system. This strategic move positions FabricAir as a system provider in a specialized niche. Following the acquisition, Borealis Wind Inc. was fully integrated into FabricAir, operating as FabricAir Canada Inc. Consequently, the company now markets through two distinct product lines: FabricAir and BorealisWind.

> "This talented team of engineers combined with this innovative solution broadens our ability to provide innovative solutions for a wide range of industries.
>
> BRIAN REFSGAARD,
> FABRICAIR CEO

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50TH ANNIVERSARY

In 2023, we commemorated our 50th anniversary, marking our founding in 1973. Throughout this milestone year, we enjoyed various opportunities to celebrate with customers, partners, and longstanding employees across the globe.

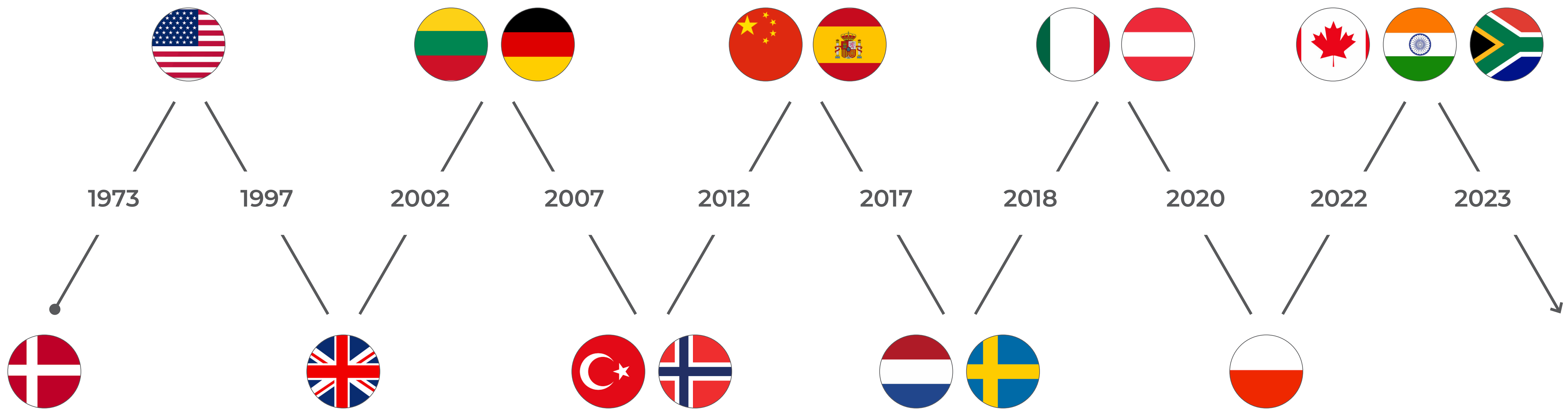
TOWARDS DIGITALIZATION

We continued to make progress on our extensive digitalization projects and ESG (Environmental, Social, and Governance) initiatives. As integrated parts of our future strategies, investments in these areas will continue into the future.

NEW ENTITY IN SOUTH AFRICA

In Spring 2023, we established an entity in the Republic of South Africa (RSA) to serve not only RSA but also the entire Sub-Saharan region. Despite encountering extensive legislation and procedural hurdles, the company has made progress, and we anticipate full operational status by early 2024.

50 YEARS OF HISTORY



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FACTORY IN MEXICO

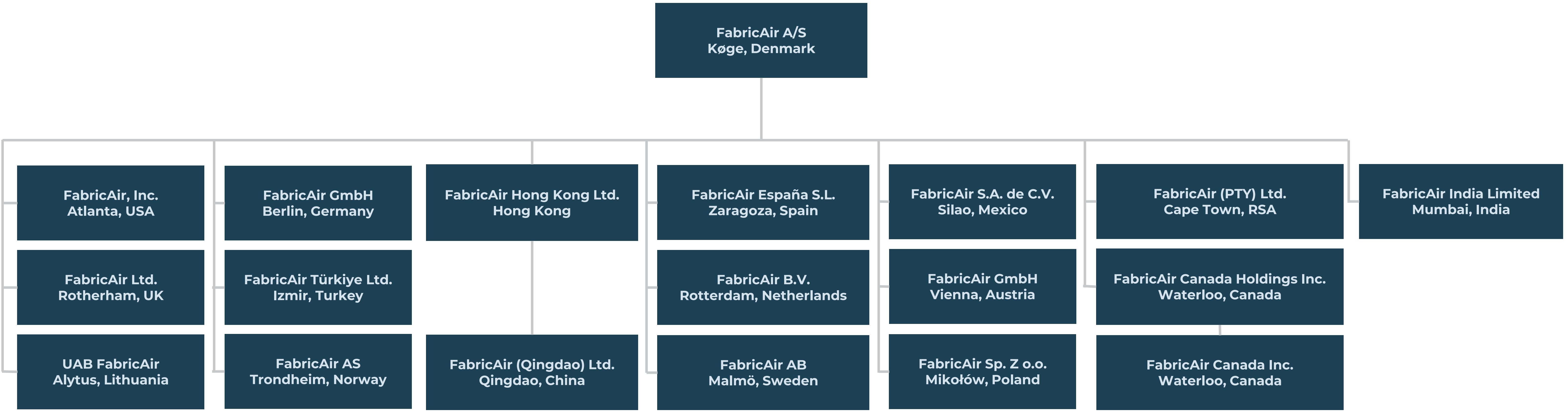
In 2021 we concluded that our current production facilities in Lithuania that consist of a 5.000 m² factory and warehouse would not be enough to satisfy our growth plan. Therefore, in summer 2023 we began the establishment of a second factory in Silao, Guanajuato, Mexico. When fully operational the new factory (approx. 3.200 m²) will extend our total production capacity by a minimum of 75%. The new factory is expected to produce and ship their first order during the second half of 2024.

NEW ENTITY IN INDIA

During autumn/winter 2023 we established an entity in India. With India currently being the fastest growing economy in the world and expected to be one of the largest within a few years, this step was a logical investment. In Spring 2024 the entity will move into a new office in Mumbai where we expect to grow the local organization quickly.

FabricAir factory in Silao, Guanajuato, Mexico, opening H2 2024

FABRICAIR ENTITIES WORLDWIDE



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FabricAir Product Line

The FabricAir product line is marketed and sold in all 5 regions of the world. Within this product line, FabricAir designs, develops, engineers, manufactures, and markets fabric-based ventilation systems for air distribution. The primary portion of sales are handled through our own legal entities and the rest through distributors and partners. Typically, products are sold to mechanical contractors who use FabricAir Dispersion Systems as part of their total system delivery to the end user. End users represent a variety of different industries and all sales are Business-to-Business. In selected countries FabricAir also offers the installation of our systems as a subcontract to the mechanical contractor.

Due to the technical nature of our product range, FabricAir also supports consulting engineers, designers and architects in their efforts to incorporate our systems in their projects. For this purpose, FabricAir has developed several digital tools. The most recent example is FabricAir PRO, a Revit based design tool specifically for FabricAir Dispersion Systems. FabricAir also offers a comprehensive catalogue of technical advisory services including Computational Fluid Dynamic studies.

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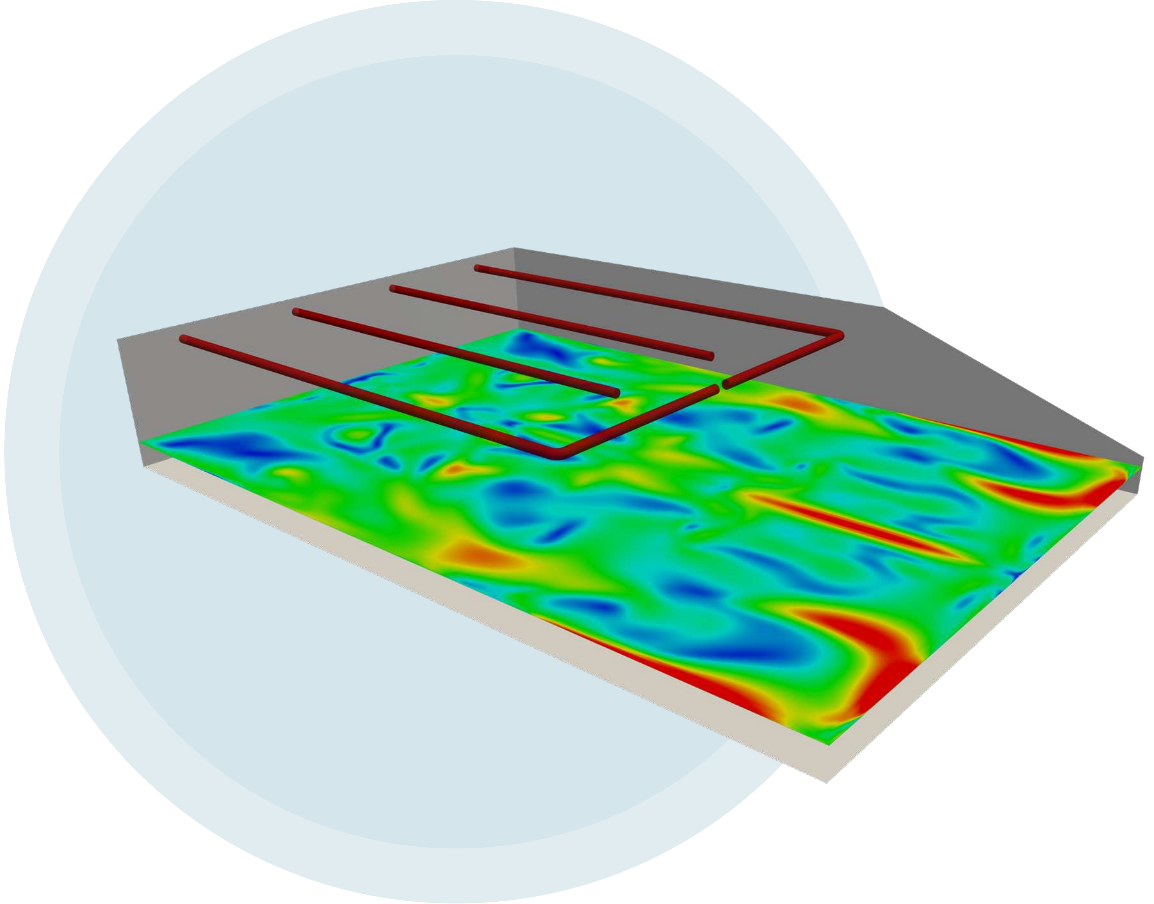
DISPERSION SYSTEMS

CEILING DIFFUSERS

SPECIALTY SOLUTIONS



COMPUTATIONAL FLUID DYNAMIC STUDIES

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BorealisWind Product Line

ICE PROTECTION SYSTEM

The BorealisWind product line is currently represented in 2 regions – North America and Europe. With this patented solution, we provide a unique Ice Protection System, installed inside the blades of wind turbines. The system incorporates FabricAir technology to distribute the heated air to the tip of the blade. In addition, the solution includes advanced sensor technology that detects ice before it builds up on the blades. If an icing event is about to happen, the system turns on and starts to heat the blades thereby preventing the ice from affecting turbine performance.

SYSTEM AS A SERVICE

Following our acquisition of the company in June 2023, we dedicated the remainder of the year to completely transforming the business concept. Starting January 1st, 2024, our solutions are primarily offered to the market through a "System as a Service" model. This approach eliminates upfront investments (Capital Expenditures/CapEx) for customers, who instead pay an annual fee for system usage (Operating Expenditures/OpEx).

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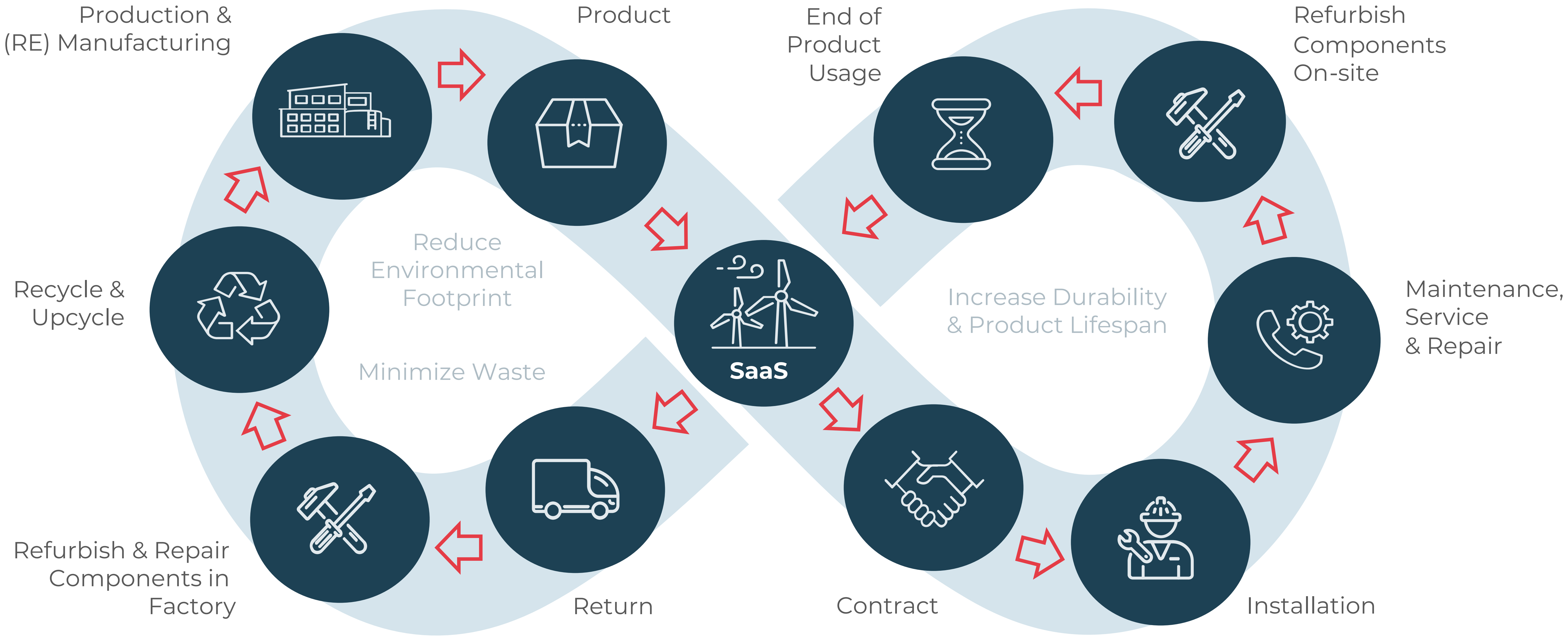
"SYSTEM AS A SERVICE" BUSINESS MODEL

In addition to the financial advantages, the "System as a Service" model ensures support from FabricAir and BorealisWind through the entire product lifecycle. This concept is designed to increase the durability and lifespan of the turbine while reducing the environmental footprint and minimizing waste throughout the life of the system.



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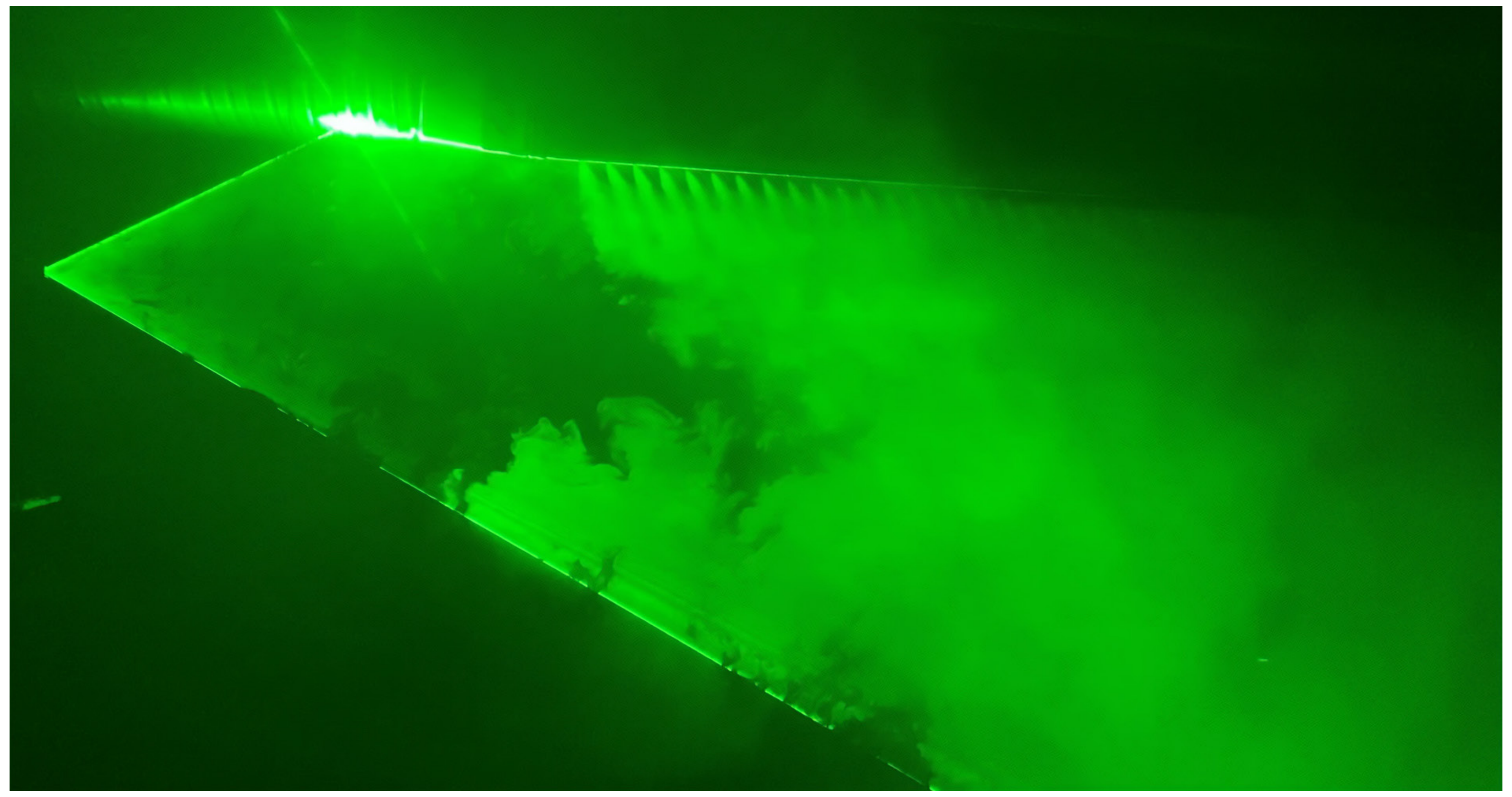
Development, Knowledge, and Outlook



KNOWLEDGE RESOURCES AND DEVELOPMENT ACTIVITIES

With our full-scale air lab, and our extensive materials test center, FabricAir continuously uses significant resources on engineering, design, and development. To ensure that all knowledge about design, construction, dimensioning, pricing, and production technology are documented and stored correctly, we incorporate and anchor the knowledge in our in-house developed software and software tools.

With an extension of our software development team in 2023 – and with the addition of an additional team of engineers from BorealisWind during 2023, the TechCenter had another year of extensive growth. The TechCenters activities now include employees in Vilnius, Kaunas, and Alytus (all Lithuania), Izmir (Turkey), Køge (Denmark), Mumbai (India), Qingdao (China), and Waterloo (Canada).

FabricAir already have a very strong position in design, development, and digitalization, but we expect to grow the activities even further in 2024.

OUTLOOK

In the outlook for 2024 the geopolitical tensions have not improved significantly. In addition, we have an election in US coming up which can also affect the stable economical growth we have seen from this market.

But despite of these uncertainties, we are quite optimistic about 2024. Even though our BorealisWind product line will still be in a ramp up mode in 2024, we expect our total growth in Revenue and also Gross Profit to be in the range of 15-20%, and we expect our EBT will be at DKK 7-10M.

EVENTS AFTER THE BALANCE SHEET DATE

No subsequent events have occurred that affects the annual report for 2023.

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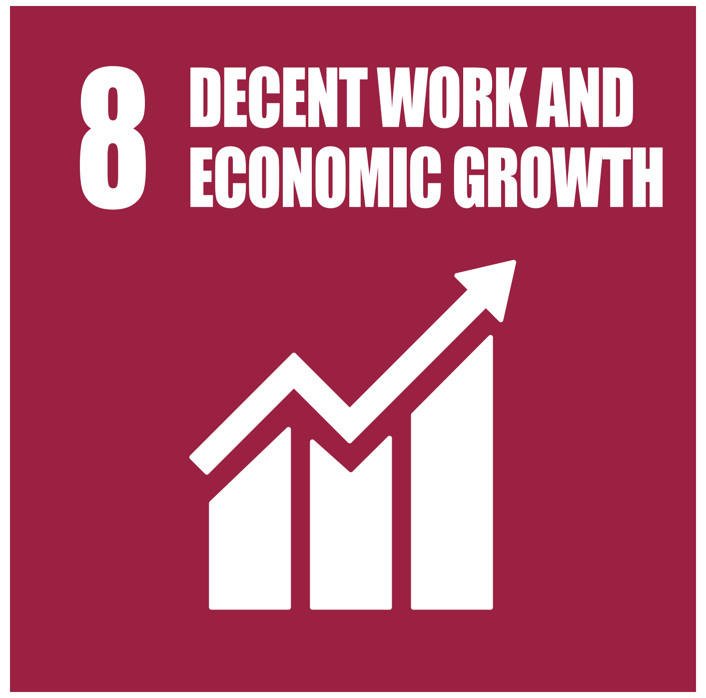
Sustainable Development Goals (SDGs)

FabricAir is a global organization, and we see our impacts on the planet and on people just as important as our financial impacts. To ensure a responsible business that will meet the future market needs we will integrate our sustainability work into the core of our business and implement monitoring of financial impacts as well as social and environmental.

FabricAir is developing an ESG governance framework to integrate sustainability in all business processes as well as to collaborate with our value chain to minimize impacts. In 2024 FabricAir will build, develop and implement policies, targets, actions, and frameworks to lift the FabricAir platform, products and business models into the future green economy.

In the EU we see a strong regulation of market conditions. The North American and Asian markets are strongly influenced by the geopolitical situation and access to resources and local value chains have become critical for building a sustainable business as well as a sustainable world. FabricAir has decided to use the Sustainable Development Goals (SDGs) established by the United Nations as the framework for our reporting on sustainability.

Our company is built on trust. Our core values, high ethical standards and responsibilities form the foundation of our company and underpin everything we do. They guide our way of working and how we manage our relationships and are described in our Code-of-Conduct to govern the way to a better tomorrow. The FabricAir Code of Conduct describes our fundamental principles related to ethics, social and environmental performance. All employees, business partners, and the Board of Directors are expected to follow these principles. Our core values of interaction, commitment, and innovation help us to maintain our leadership position in a changing environment. The Code-of-Conduct includes detailed descriptions and commitments to our accountability, society, people, ethics, and the environment.



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SDG 5 Gender Equality

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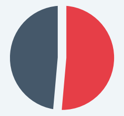
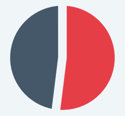
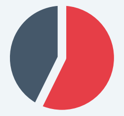
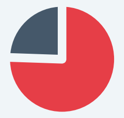
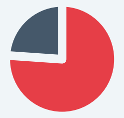
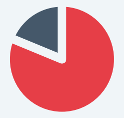
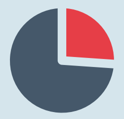
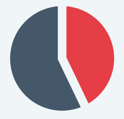
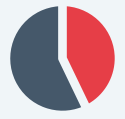
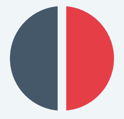
SDG 5:

Achieve gender equality and empower all women and girls.

Because we employ women around the world, achieving gender equality and empowering women is important for FabricAir. We are responsible for the working conditions for women in our own workforce and the workforce of our suppliers. We can also influence working and living conditions as well as women's rights through our business conduct. Therefore, we monitor Gender Equality and social conditions of women.

FIGURE 1.
Gender distribution

FabricAir Gender Statistics	March 2024	YE 2023	YE 2022
Number of employees	220	219	209
Senority, average years	6,9	7,2	8,4
Age, average	44	45	46
Gender split, overall			
Gender split, Administration & Sales			
Gender split, Production			
Gender split, management			
Gender split, executive management			
Gender split, board			

Women Men

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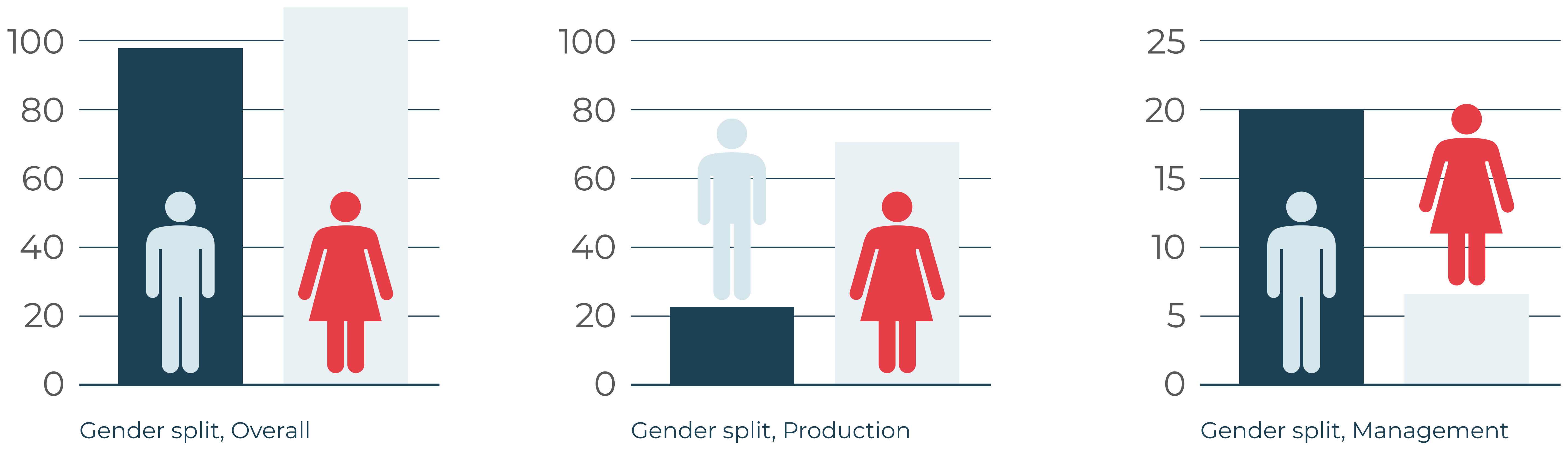
EQUAL REPRESENTATION

FabricAir sees equal representation of genders as important but there are historical and professional biases to be considered, therefore we are disclosing the numbers in Figure 1. According to international guidelines a representation of 40% of one gender is considered equal.

Overall, the roles and responsibilities of FabricAir employees are equally shared between women and men. The spread of gender equality through the organization shows an unequal representation in the group of workers in Production, Sales and Administration and management. This has historic and professional reasons, as the HVAC business is primarily comprised of men. Additionally, among white-collar and management roles, the recruiting base is biased in favor of men. The main portion of workers in Production are tailors working in the production of textiles for the HVAC systems. Historically there is an overrepresentation of women within tailors in Lithuania where the production plant is located. It will be difficult to achieve equal numbers of employees in these groups, however, we will work to ensure women's rights and safety and promote the empowerment of women. Executive management has an equal gender representation, but on the Board of Directors the representation is 25% with one woman. The statistics described here are represented by the numbers in Figure 1.

FabricAir recognizes the importance of equal representation in the workplace, particularly at the management level, to reflect the organization and the marketplace. Ensuring gender equality in work conditions and safeguarding women's safety and rights are essential for growth. In December 2023, FabricAir implemented a whistleblower system to further support these objectives. Read more about this in SDG 8.

FIGURE 2.
Gender distribution in 2023



SDG 7
Affordable And Clean Energy

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SDG 7:

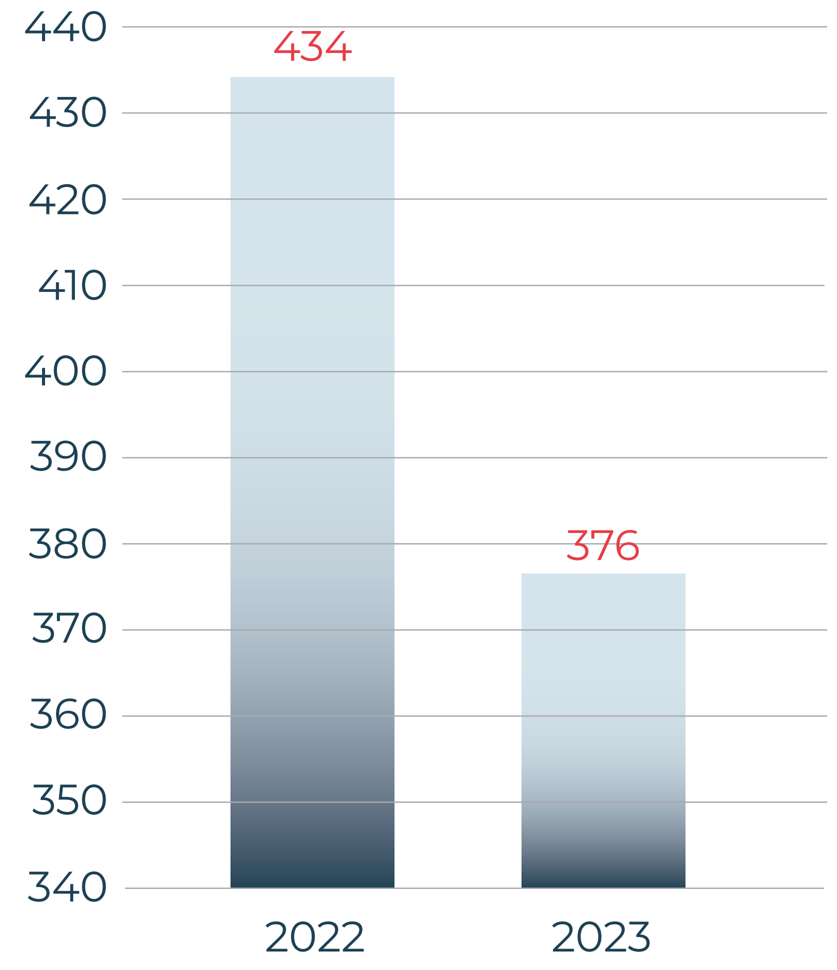
Ensure access to affordable, reliable, sustainable, and modern energy for all.

7 AFFORDABLE AND CLEAN ENERGY

Considering the impact on the climate through the full value chain is important for everyone. We will monitor and minimize our energy consumption, and work towards zero climate impact in our own operations. Figure 3 illustrates the calculated impacts in scope 1+2 (see page 29, Method for Carbon Emission Accounting) and the total climate impacts (greenhouse gas or GHG) have decreased by 13% overall. During 2023, FabricAir added location sites in some countries and activity is increasing with more sites in 2024.

In 2024, FabricAir will develop a comprehensive plan incorporating monitoring, developing, and transitioning to align with the Paris Agreement. Key actions include:

FIGURE 3.
Amount of emissions in tons of CO_2 (GHG)



- Detailed monitoring and development of targets for energy consumption in scope 1+2 at location level.
- Optimization of energy usage in our operations.
- Transitioning to renewable energy sources.
- Electrifying industrial processes that today are driven by combustion engines (ICE).

For 2023 we disclose the total scope 1+2 GHG emissions calculated according to the methods described on page 28. The GHG emissions in 2023 were 376 tons CO_2e compared to 2022 with 434 tons CO_2e. FabricAir emissions from scope 1+2 are estimated to account for approximately 10% of the total emissions from the full value chain. See more on scope 3 in the descriptions of SDG 12.

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SDG 8
Decent Work & Economic Growth

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SDG 8:

Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.

8 DECENT WORK AND ECONOMIC GROWTH

Sustainable economic growth and ensuring decent work for all are crucial aspects of integrating social sustainability and prosperity within global corporations. FabricAir values its employees as essential assets and prioritizes creating decent work conditions and fostering economic growth among them. As a Danish corporation, we aim to cultivate a strong company culture based on Nordic values, even as we expand globally.

Currently, FabricAir is in the process of developing and implementing a remote work policy that respects local cultural differences to accommodate the needs of our employees. We are committed to being an equal opportunity employer that values diversity in sexual orientation, ethnicity, gender, education, and other areas. Our company culture is rooted in Nordic values, promoting a liberal outlook towards our fellow citizens and colleagues.

In December 2023, FabricAir introduced a whistleblower system to provide employees with an independent channel to raise concerns. This system ensures timely and professional handling of issues, although no issues have been raised since its introduction. Under new executive management, the FabricAir Human Resources department is actively developing policies and guidelines regarding Personnel and Ethical Standards to support employees.

> We are committed to being an equal opportunity employer that values diversity in sexual orientation, ethnicity, gender, education, and other areas.

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SDG 12 Responsible Consumption And Production

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SDG 12:

Ensure sustainable consumption and production patterns.

FabricAir has its largest climate impacts in scope 3 (see page 29, Method for Carbon Emission Accounting) with an estimated GHG emission of 3,467 tons CO_2e in 2023 compared to 3,394 tons CO_2e in 2022 (an increase of 2%). The estimated scope 3 emissions are incomplete as described in the method. Similar to other manufacturers, the majority of GHG emissions are in scope 3 – estimated to be 90% of total emissions. Responsible consumption and production is essential in creating a responsible and scalable business. Therefore SDG 12 is critical to FabricAir in meeting the Paris Agreement, but also strategically and geopolitically important for business operations in the future.

Ensuring sustainable consumption and production involves more than just reducing climate impacts in scope 3. It also entails promoting resource circularity, minimizing pollution, and reducing the use of hazardous chemicals throughout the value chain.

The focus on circularity of products and materials is pivotal in the transition towards sustainability, impacting:

- Ensuring future access to scarce material resources at their highest potential value.
- Reuse and recycling of products and materials has a lower climate impact than harvesting from virgin resources.
- Chemical inputs are troublesome in a circular economy.

FabricAir products are comprised of textiles, steel, electronics, and other materials, each with various environmental impacts throughout the value chain. To promote a fair and sustainable planet, FabricAir prioritizes building circular business models that emphasize maximal reuse and recycling of products to effectively minimize environmental impacts.

The acquisition of Borealis Wind in Canada marked a significant stride in introducing the first circular business model within the FabricAir Group.

FabricAir has launched an ongoing initiative to monitor and optimize the materials used in its products and services, aiming to minimize environmental impacts and facilitate reuse and recycling. Additionally, we are collaborating with Kaunas University in Lithuania to develop a Lifecycle Assessment (LCA) Tool. This tool will provide customers with comprehensive assessments of environmental impacts based on orders delivered by FabricAir.

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Scaling Sustainability and ESG in the Future

FabricAir expects to be subject to EU's reporting directive (CSRD) in 2025 or 2026 so we have begun the process of integrating our ESG work in accordance with the legislation.

During 2024 FabricAir will conduct a Double Materiality Assessment to identify and prioritize future targets and actions necessary to drive the change towards and fair and sustainable business. This will result in the development of a Sustainability Roadmap and an ESG governance infrastructure to meet the EU CSRD legislation regulations and the EFRAG guidelines on implementing the EU Sustainability Reporting Standards (ESRS).

Cross-cutting Standards

ESRS 1 – General Requirements

ESRS 2 – General Disclosures (mandatory)

Topical Standards

ENVIRONMENT (E)	SOCIAL (S)	GOVERNANCE (G)
ESRS E1 – Climate Change	ESRS S1 – Own Workforce	ESRS G1 – Business Conduct
ESRS E2 – Pollution	ESRS S2 – Workers in the Value Chain	
ESRS E3 – Water and Marine Resources	ESRS S3 – Affected Communities	
ESRS E4 – Biodiversity and Ecosystems	ESRS S4 – Consumers and End-Users	
ESRS E5 – Resource Use and Circular Economy		

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The EU Sustainability Standards (ESRS) align with the UN Sustainable Development Goals (SDGs), eliminating any conflict between utilizing the SDGs as our framework and adhering to EU legislation on Corporate Sustainable Reporting (CSRD). FabricAir recognizes the global acceptance of the new EU Sustainability Standards and believes that the systematic approach mandated by the EU CSRD legislation will provide FabricAir with a universally applicable framework across all markets and throughout our value chain. The relationship between ESG and SDGs is depicted in Figure 4 below.

FabricAir views sustainability as a top-down initiative and will integrate our sustainability efforts into the executive management team and Board of Directors to ensure comprehensive implementation throughout the organization. This integration will be guided by the selected SDGs, as well as future Targets, Actions, and our Sustainability Roadmap.

FIGURE 4.
Ref: Rethink Economics and Business models for sustainability. Haar. 2024. SpringerNature.

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Method for Carbon Emission Accounting

The Carbon Accounting for FabricAir A/S (CVR 24204812) follows the Corporate Standard of the Greenhouse Gas (GHG) Protocol. FabricAir's accounting follows the principle of operational control, and covers FabricAir's activities in the following locations:

- The headquarters in Køge, Denmark
- Production facility in Alytus, Lithuania
- Office in Vilnius, Lithuania
- Office in Qingdao, China
- Office in Berlin, Germany
- Office in Guanajuato, Mexico
- Office in Rotterdam, Netherlands
- Office in Heimdal, Norway
- Office in Zaragoza, Spain
- Office in Izmir, Türkiye
- Office in Rotherham, United Kingdom
- Office in Atlanta, USA

Facilities were opened or acquired in Austria, India, South Africa and Canada. These facilities were not included in this report, however, it is our intent to include these locations in the upcoming fiscal year.

The calculation of FabricAir's carbon emissions is based on supplier activity and spend based data with use of national averages where no concrete data was available. FabricAir's carbon emissions are calculated across the following categories:

- Fuel combustion and travel in own cars (Scope 1)
- Purchased electricity and heating (Scope 2)
- Emissions from the value chain (Scope 3)

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METHOD FOR SCOPE 3 CALCULATION

The scope 3 estimate is not a full estimate as it is not based on a lifecycle assessment approach but based on the access to financial data. Therefore, the GHG emissions from FabricAir scope 3 is expected to be even higher than reported.

Under Scope 3, FabricAir has opted to report on the following categories:

- Purchased Goods and Service, hereunder water usage (Category 1)
- Fuel- and energy-related activities (Category 3)
- Upstream transportation and distribution (Category 4)
- Waste generated in operations (Category 5)
- Business travel and accommodations (Category 6)
- Remote working (Category 7)

These categories have been chosen as they are related to the company's activities.

FabricAir's climate accounting is calculated according to the Greenhouse Gas Protocol. This is the Corporate Standard, which is also the building block for EU CSRD – ESRS E1. The emissions of greenhouse gases are measured in CO_2e.

FabricAir's Scope 2 emissions are calculated according to both the location-based and market-based method, explanations about these can be reviewed below. The location-based method has been chosen as FabricAir's primary calculation method and is therefore used in aggregations and sums.

- Location-based is a method where the average discharge from the electricity grid is used. Example: in Denmark, the average emission per kWh is disclosed by the Danish Energy Agency.
- Market-based is a method in which it is possible to specify exactly the type of power you have purchased. For example, it is possible to buy market-based certificates for green electricity, which has emissions of 0 kg CO_2e. If you do not use certificates, you will be charged for the remaining power from the electricity grid. For example, in Denmark, this means that we will buy the "black" electricity, which is generated with fossil fuels.

Carbon accounting is mainly done with either activity or spend based data. Activity based data includes detailed data on specific activities such as kWh energy use, km traveled, or kg of waste generation. Spend based data is collected as financial data, referencing the amount of money spent on every purchased product and service. Additionally, data on CO_2e emissions can be given directly by a supplier. In some cases where data on specific activities is not available, activity data is approximated, e.g. approximating kWh of heating by the number of square meters.

Activity based data is preferred over spend-based data, since it is more accurate. FabricAir has supplied 62.1 % as activity-based and 16.9 % as supplier-based emissions. The remaining emissions have been calculated using a mix of spend based data and approximations.

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smart air solutions.

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Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of FabricAir 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 consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023, and of the results of the Group and the Company's operations as well as the consolidated cash flows 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.

Køge, 3 April 2024

Managing Director

Brian Norup Refsgaard
director

Board of directors

Palle Johannes Jørgensen chairman	Brian Norup Refsgaard	Gitte Haar	Niels Valdemar Juhl

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TO THE SHAREHOLDERS OF FABRICAIR A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of FabricAir A/S for the financial year 1 January to 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes for both the Group the Parent Company, as well as consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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 Consolidated Financial Statements and the Parent Company Financial Statements" section of our report. We are independent of the Group 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 CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group´s and the Parent 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 consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

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AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 consolidated financial statements and parent company 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 consolidated financial statements and the parent company 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 Group´s and 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 consolidated financial statements and the parent company 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 Group´s and 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 consolidated financial statements and the parent company 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 Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

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STATEMENT ON MANAGEMENT'S REVIEW

Management is responsible for Management's Review.

Our opinion on the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the consolidated financial statements and the parent company 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.

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, 3 April 2024

Grant Thornton

Certified Public Accountants
Company reg. no. 34 20 99 36

Jacob Helly Juell-Hansen
State Authorised Public Accountant
mne36169

Rune Gottlieb Nielsen
State Authorised Public Accountant
mne49139

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Company information

The company	FabricAir A/S Sandvadsvej 2 4600 Køge Company reg. no. 24 20 48 12 Financial year: 1 January – 31 December
Board of directors	Palle Johannes Jørgensen, chairman Brian Norup Refsgaard Gitte Haar Niels Valdemar Juhl
Managing Director	Brian Norup Refsgaard, director
Auditors	Grant Thornton, Godkendt Revisionspartnerselskab Stockholmsgade 45 2100 København Ø
Parent company	Holdingselskabet af 21. marts 2005 ApS
Subsidiaries	FabricAir GmbH, Germany FabricAir AS, Norway UAB FabricAir, Lithuania FabricAir Ltd., United Kingdom FabricAir Inc., USA FabricAir Turkey Ltd., Turkey FabricAir B.V., Netherlands FabricAir España S.L., Spain FabricAir Hong Kong Ltd., Hong Kong FabricAir AB, Sweden FabricAir GmbH, Austria FabricAir Latin America S.A. DE C.V., Mexico FabricAir Spólka Z Organoczona, Poland FabricAir Canada Holding inc., Canada FabricAir (Pty) Ltd., Republic of South Africa FabricAir India Ltd, India

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Consolidated financial highlights

DKK in thousands.	2023	2022	2021	2020	2019
INCOME STATEMENT:					
Gross profit	84.454	83.986	71.157	56.560	50.488
EBITDA	7.230	15.598	15.442	11.607	4.238
Profit from operating activities	3.848	12.495	12.270	8.921	2.048
Net financials	-1.692	-1.364	-727	-800	-794
Earnings before tax	2.156	11.131	11.543	8.121	1.254
STATEMENT OF FINANCIAL POSITION:					
Balance sheet total	86.271	63.246	53.785	45.365	36.840
Equity	30.972	31.660	27.874	22.550	14.557
CASH FLOWS:					
Operating activities	368	4.946	6.886	4.048	4.217
Investing activities	-17.939	-3.152	-2.742	-2.947	-4.941
Of which investments in intangibles and tangible fixed assets	-17.939	-3.152	-2.742	-2.947	-4.941
Financing activities	16.997	0	-3.000	0	0
Total cash flows	-573	1.794	1.144	1.101	-724
EMPLOYEES:					
Average number of full time employees	219	209	194	160	143
KEY FIGURES IN %:					
Return on assets	2,0	19,9	19,3	19,7	5,6
Solvency ratio	35,9	50,1	51,8	49,7	39,5
Return on equity	4,2	22,8	45,5	36,0	8,6

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

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Financial highlights for the parent

DKK in thousands.	2023	2022	2021	2020	2019
INCOME STATEMENT:					
Gross profit	16.344	18.379	14.307	15.563	13.748
Profit from operating activities	1.268	4.044	1.604	1.968	697
Net financials	4.427	8.064	11.375	6.882	279
Net profit or loss for the year	5.827	10.632	12.634	8.597	2.512
STATEMENT OF FINANCIAL POSITION:					
Balance sheet total	98.707	74.119	62.803	55.008	42.006
Investments in property, plant and equipment	0	0	0	317	0
Equity	51.982	48.492	40.139	30.160	19.703
EMPLOYEES:					
Average number of full time employees	14	13	14	15	16
KEY FIGURES IN %:					
Solvency ratio	52,7	65,4	63,9	54,8	46,9

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

SOLVENCY RATIO

$$\frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$$

RETURN ON EQUITY

$$\frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$$

RETURN ON ASSETS

$$\frac{\text{Profit from operating activities} \times 100}{\text{Total assets, closing balance}}$$

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Accounting policies

The annual report for FabricAir A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises). Furthermore, the company has decided to comply with certain rules applying to reporting class C (large enterprises).

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

MATERIAL MISSTATEMENT IN PREVIOUS YEARS

A material misstatement has been identified in the financial statements for 2022. The misstatement is related to recognition of investments in subsidiaries. The following adjustments have been made to the 2022 figures:

- Results from investments in subsidiaries; DKK 1.025 thousand
- Investments in subsidiaries; DKK -1.025 thousand
- Reserves for net revaluation as per the equity method; DKK 1.025 thousand
- Total effect to net result and equity; DKK -1.025 thousand

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, writedowns 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 group 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 group 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.

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.

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.

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When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or write down for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non monetary items are translated using historical prices.

THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated income statements comprise the parent company FabricAir A/S and those group enterprises of which FabricAir A/S directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

Consolidation policies

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in group enterprises are eliminated by the proportionate share of the group enterprises' fair value of net assets and liabilities at the acquisition date.

In the consolidated financial statements, the accounting records of the group enterprises are recognised by 100%.

Income statement

GROSS PROFIT

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

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.

Production costs include the manufacturing and procurement costs incurred to achieve the revenue for the year. irect and indirect manufacturing costs are recognized, including costs for raw materials and consumables, wages and salaries, energy consumption, maintenance, leasing and depreciation on production facilities, with adjustments for changes in finished goods inventories and work in progress.

Furthermore, production costs comprise research costs, development costs which do not meet the criteria for capitalisation, and amortisation of capitalised development costs.

DISTRIBUTION COSTS

Distribution costs comprise costs incurred for the distribution of goods sold during the year and for sales campaigns carried out during the year. Also, costs concerning sales staff, advertising and exhibitions costs, and amortisations.

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ADMINISTRATION COSTS

Administration costs comprise costs incurred during the year concerning management and administration, including costs concerning administrative staff, the executive board, office premises, stationery and office supplies, and depreciations.

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 SUBSIDIARIES

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual entities are recognised in the income statement of the parent 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 parent and the Danish group enterprises are 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 writedowns 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 3-5 years.

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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 10 years.

PROPERTY, PLANT, AND EQUIPMENT

Land and buildings is measured at cost plus revaluations and less accrued depreciation and write down for impairment. Land is not subject to depreciation.

Land and buildings is revaluated on the basis of regular, independent fair value assessments. Net revaluation at fair value adjustment is recognised directly in equity less deferred tax and tied up in a particular revaluation reserve. Net impairment loss at fair value adjustment is recognised in the income statement.

The depreciable amount is cost plus revaluations at fair value less expected residual value after the end of the useful life of the asset. The amortisation period is fixed at the acquisition date and reassessed annually. If the residual value exceeds the carrying mount of the asset, depreciation is discontinued.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in company equity.

Other 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 and the residual value of the individual assets:

	Useful life	Residual value
Buildings	30 years	20 %
Plant and machinery	5-10 years	0-20 %
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

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.

As regards self constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

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IMPAIRMENT LOSS RELATING TO NON CURRENT ASSETS

The carrying amount of both intangible and tangible fixed assets as well as equity investments in subsidiaries 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. Writedown 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 subsidiaries

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

Investments in subsidiaries 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.

Investments in subsidiaries 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 subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries 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 subsidiaries.

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.

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DEPOSITS

Deposits are measured at amortised cost and represent lease deposits, etc.

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.

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 AND ACCRUED INCOME

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

CASH ON HAND AND DEMAND DEPOSITS

Cash on hand and demand deposits comprise cash at bank and on hand.

EQUITY

Revaluation reserve

Revaluations of property less deferred tax are recognised under the revaluation reserve. The reserve is reduced when the value of revalued property is reduced due to depreciation. The reduction represents the difference between depreciation based on the revalued carrying amount of the property and depreciation based on the original cost of the property.

The reserve is partly or totally dissolved on the sale of the property and reduced as a result of impairment loss on property.

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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.

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, FabricAir 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.

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.

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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.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

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

ACCRUALS AND DEFERRED INCOME

Payments received concerning future income are recognised under accruals and deferred income.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The cash flow statement for the parent company has not been prepared in accordance with section 86 (4) of the Danish Financial Statement Act, as the company's cash flows is presented in the cash flow statement for the group.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operating activities are calculated as the group's share of the profit adjusted for non cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under "Interest income and dividend received".

CASH FLOWS FROM INVESTMENT ACTIVITIES

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

CASH FLOWS FROM FINANCING ACTIVITIES

Cash flows from financing activities include changes in the size or the composition of the group's share capital and costs attached to it, as well as raising loans, repayments of interest bearing payables and payment of dividend to shareholders.

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Income statement

1. JANUARY – 31. DECEMBER

Amounts concerning 2023: DKK.
Amounts concerning 2022: DKK thousand.

		Group		Parent	
	Note	2023	2022	2023	2022
Gross profit		**84.453.770**	**83.986**	**16.343.654**	**18.379**
Distribution costs		-7.425.322	-7.015	- 1.143.434	- 1.185
Administration expenses		-73.180.114	-64.476	-13.932.607	-13.150
Operating profit		**3.848.334**	**12.495**	**1.267.613**	**4.044**
Income from equity investments in subsidiaries		0	0	5.901.906	8.103
Other financial income from group enterprises		0	0	710.415	527
Other financial income		2.961.475	1.425	1.349	0
Other financial expenses	2	- 4.653.757	- 2.789	-2.187.144	-566
Earnings before tax		**2.156.052**	**11.131**	**5.694.139**	**12.108**
Tax on net profit or loss for the year	3	-844.018	-4.345	132.384	-1.476
Net profit or loss for the year	4	**1.312.034**	**6.786**	**5.826.523**	**10.632**

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BALANCE SHEET AT 31 DECEMBER

Amounts concerning 2023: DKK.
Amounts concerning 2022: DKK thousand.

Assets		Group		Parent	
	Note	2023	2022	2023	2022
Non current assets					
Completed development projects, including patents and similar rights arising from development projects	5	5.076.273	7.454	5.076.273	7.454
Acquired concessions, patents, licenses, trademarks, and similar rights	6	221.749	38	215.850	31
Goodwill	7	8.040.814	0	0	0
Development projects in progress and prepayments for intangible assets	8	9.421.170	2.282	9.421.170	2.282
Total intangible assets		22.760.006	9.774	14.713.293	9.767
Land and buildings	9	4.944.521	4.379	0	0
Plant and machinery	10	416.770	374	0	0
Other fixtures, fittings, tools and equipment	11	1.434.701	973	0	17
Leasehold improvements	12	286.317	244	83.393	136
Total property, plant, and equipment		7.082.309	5.970	83.393	153
Investments in group enterprises	13	0	0	36.401.957	33.102
Deposits	14	915.379	743	255.000	255
Total investments		915.379	743	36.656.957	33.357
Total non current assets		**30.757.694**	**16.487**	**51.453.643**	**43.277**

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Amounts concerning 2023: DKK.
Amounts concerning 2022: DKK thousand.

Assets		Group		Parent	
	Note	2023	2022	2023	2022
Current assets					
Manufactured goods and goods for resale		33.710.302	25.364	35.090	34
Total inventories		33.710.302	25.364	35.090	34
Trade receivables		14.461.226	14.327	9.033.798	7.842
Receivables from group enterprises		0	0	37.520.014	22.525
Income tax receivables		922.651	0	0	0
Other receivables		181.715	491	103.223	59
Prepayments and accrued income	15	1.303.165	1.069	532.253	360
Total receivables		16.868.757	15.887	47.189.288	30.786
Cash on hand and demand deposits		4.934.259	5.508	29.464	22
Total current assets		**55.513.318**	**46.759**	**47.253.842**	**30.842**
Total assets		**86.271.012**	**63.246**	**98.707.485**	**74.119**

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Amounts concerning 2023: DKK.
Amounts concerning 2022: DKK thousand.

Equity and liabilities		Group		Parent	
	Note	2023	2022	2023	2022
Equity					
Contributed capital		1.400.000	1.400	1.400.000	1.400
Revaluation reserve		4.378.825	4.379	0	0
Reserves for net revaluation as per the equity method		0	0	33.576.483	31.366
Reserve for development expenditure		0	0	11.308.006	7.594
Retained earnings		25.193.580	25.882	5.697.499	6.132
Proposed dividend for the financial year		0	0	0	2.000
Total equity		**30.972.405**	**31.661**	**51.981.988**	**48.492**
Provisions					
Provisions for deferred tax	16	1.972.540	2.105	1.972.540	2.105
Provisions for equity investments in group enterprises	17	0	0	0	2.520
Total provisions		**1.972.540**	**2.105**	**1.972.540**	**4.625**
Liabilities other than provisions					
Other bank debt		12.500.000	0	12.500.000	0
Other payables		4.497.358	0	0	0
Total long term liabilities other than provisions	18	16.997.358	0	12.500.000	0

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Amounts concerning 2023: DKK.
Amounts concerning 2022: DKK thousand.

Equity and liabilities		Group		Parent	
	Note	2023	2022	2023	2022
Current portion of long term liabilities	18	2.500.000	0	2.500.000	0
Bank loans		21.227.015	10.926	21.266.855	10.926
Trade payables		2.429.422	9.383	2.205.530	2.006
Payables to group enterprises		2.755.428	3.453	2.791.422	5.734
Income tax payable		0	991	0	458
Other payables		6.599.519	4.727	2.671.825	1.878
Deferred income	19	817.325	0	817.325	0
Total short term liabilities other than provisions		36.328.709	29.480	32.252.957	21.002
Total liabilities other than provisions		**53.326.067**	**29.480**	**44.752.957**	**21.002**
Total equity and liabilities		**86.271.012**	**63.246**	**98.707.485**	**74.119**
Employee issues	1				
Charges and security	20				
Contingencies	21				
Related parties	22				

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Consolidated statement of changes in equity

All amounts in DKK.

	Contributed capital	Revaluation reserve	Retained earnings	Total
Equity 1 January 2023	1.400.000	4.378.825	25.881.546	31.660.371
Profit or loss for the year brought forward	0	0	1.312.034	1.312.034
Distributed dividend	0	0	-2.000.000	-2.000.000
	1.400.000	**4.378.825**	**25.193.580**	**30.972.405**

Statement of changes in equity of the parent

All amounts in DKK.

	Contributed capital	Reserve for net revaluation according to the equity method	Reserve for development costs	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2023	1.400.000	30.340.579	7.593.812	6.133.194	2.000.000	47.467.585
Distributed dividend	0	0	0	0	-2.000.000	-2.000.000
Share of results	0	3.235.904	0	-287.373	0	2.948.531
Transferred from results brought forward	0	0	3.714.194	0	0	3.714.194
Exchange rate adjustments	0	0	0	-148.322	0	-148.322
	1.400.000	**33.576.483**	**11.308.006**	**5.697.499**	**0**	**51.981.988**

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STATEMENT OF CASH FLOWS 1 JANUARY – 31 DECEMBER

Amounts concerning 2023: DKK.
Amounts concerning 2022: DKK thousand.

		Group	
	Note	2023	2022
Net profit or loss for the year		1.312.034	6.787
Adjustments	23	1.535.404	460
Change in working capital	24	-2.479.456	-2.301
Cash flows from operating activities		**367.982**	**4.946**
Purchase of intangible assets		-17.938.685	- 3.152
Cash flows from investment activities		**-17.938.685**	**- 3.152**
Long term payables incurred		16.997.358	0
Cash flows from investment activities		**16.997.358**	**0**
Change in cash and cash equivalents		**-573.345**	**1.794**
Cash and cash equivalents at opening balance		5.507.604	3.714
Cash and cash equivalents at end of period		**4.934.259**	**5.508**
Cash and cash equivalents			
Cash on hand and demand deposits		4.934.259	5.508
Cash and cash equivalents at end of period		**4.934.259**	**5.508**

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Amounts concerning 2023: DKK.
Amounts concerning 2022: DKK thousand.

		Parent	
		2023	2022
1.	**Employee issues**		
	Salaries and wages	9.916.659	9.688
	Other costs for social security	75.763	77
	Other staff costs	562.998	455
		10.555.420	**10.220**
	Average number of employees	14	13

		Group		Parent	
		2023	2022	2023	2022
2.	**Other financial expenses**				
	Financial costs, group enterprises	147.800	134	147.800	134
	Other financial costs	4.505.957	2.655	2.039.344	432
		4.653.757	**2.789**	**2.187.144**	**566**

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Amounts concerning 2022: DKK thousand.

		Group		Parent	
		2023	2022	2023	2022
3.	**Tax on net profit or loss for the year**				
	Tax of the results for the year	711.634	4.015	0	1.146
	Adjustment for the year of deferred tax	132.384	330	-132.384	330
		844.018	**4.345**	**-132.384**	**1.476**
4.	**Proposed distribution of net profit**				
	Reserves for net revaluation according to the equity method			3.235.904	6.688
	Dividend for the financial year			0	2.000
	Transferred to retained earnings			0	1.983
	Transferred to other statutory reserves			3.714.194	-39
	Allocated from retained earnings			-1.123.575	0
	Total allocations and transfers			**5.826.523**	**10.632**

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Amounts concerning 2023: DKK.
Amounts concerning 2022: DKK thousand.

		Group		Parent	
		31/12 2023	31/12 2022	31/12 2023	31/12 2022
5.	**Completed development projects, including patents and similar rights arising from development projects**				
	Cost opening balance	17.266.866	17.267	17.266.866	17.267
	Cost end of period	**17.266.866**	**17.267**	**17.266.866**	**17.267**
	Amortisation and write down opening balance	-9.813.209	-7.481	-9.813.209	-7.482
	Amortisation for the year	-2.377.384	-2.332	-2.377.384	-2.331
	Amortisation and write down end of period	**-12.190.593**	**-9.813**	**-12.190.593**	**-9.813**
	Carrying amount, end of period	**5.076.273**	**7.454**	**5.076.273**	**7.454**

Completed development projects

Completed development projects comprise software as well as a separate product line.
The projects was completed and put into service in 2017 and 2019, and is both depreciated over a period of 5 years.

Management has not identified indications of impairment relative to the carrying amount.

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Amounts concerning 2022: DKK thousand.

		Group		Parent	
		31/12 2023	31/12 2022	31/12 2023	31/12 2022
6.	**Acquired concessions, patents, licenses, trademarks, and similar rights**				
	Cost opening balance	1.766.317	1.759	1.168.027	1.161
	Additions during the year	220.860	7	220.860	7
	Disposals during the year	-714	0	0	0
	Cost end of period	**1.986.463**	**1.766**	**1.388.887**	**1.168**
	Amortisation and write down opening balance	- 1.727.719	-1.688	-1.136.886	- 1.098
	Amortisation for the year	-36.995	-40	- 36.151	-39
	Amortisation and write down end of period	**-1.764.714**	**-1.728**	**-1.173.037**	**-1.137**
	Carrying amount, end of period	**221.749**	**38**	**215.850**	**31**
7.	**Goodwill**				
	Cost opening balance	0	0	485.997	486
	Additions during the year	8.040.814	0	0	0
	Cost end of period	**8.040.814**	**0**	**485.997**	**486**
	Amortisation and write down opening balance	0	0	-485.997	-486
	Amortisation and write down end of period	**0**	**0**	**-485.997**	**-486**
	Carrying amount, end of period	**8.040.814**	**0**	**0**	**0**

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Amounts concerning 2022: DKK thousand.

		Group		Parent	
		31/12 2023	31/12 2022	31/12 2023	31/12 2022
8.	**Development projects in progress and prepayments for intangible assets**				
	Cost opening balance	2.282.000	0	2.282.000	0
	Additions during the year	7.139.170	2.282	7.139.170	2.282
	Cost end of period	**9.421.170**	**2.282**	**9.421.170**	**2.282**
	Carrying amount, end of period	**9.421.170**	**2.282**	**9.421.170**	**2.282**
9.	**Land and buildings**				
	Cost opening balance	6.673.692	6.674	0	0
	Additions during the year	596.223	0	0	0
	Cost end of period	**7.269.915**	**6.674**	**0**	**0**
	Revaluation opening balance	4.477.356	4.477	0	0
	Revaluation end of period	**4.477.356**	**4.477**	**0**	**0**
	Depreciation and write down opening balance	-6.772.223	-6.746	0	0
	Depreciation for the year	-30.527	-26	0	0
	Depreciation and write down end of period	**-6.802.750**	**-6.772**	**0**	**0**
	Carrying amount, end of period	**4.944.521**	**4.379**	**0**	**0**

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Amounts concerning 2022: DKK thousand.

		Group		Parent	
		31/12 2023	31/12 2022	31/12 2023	31/12 2022
10.	**Plant and machinery**				
	Cost opening balance	26.118.896	25.933	674.586	675
	Additions during the year	261.879	186	0	0
	Cost end of period	**26.380.775**	**26.119**	**674.586**	**675**
	Depreciation and write down opening balance	-25.744.804	-25.610	-674.586	-675
	Depreciation for the year	-219.201	- 135	0	0
	Depreciation and write down end of period	**-25.964.005**	**-25.745**	**-674.586**	**-675**
	Carrying amount, end of period	**416.770**	**374**	**0**	**0**
11.	**Other fixtures, fittings, tools and equipment**				
	Cost opening balance	8.096.708	7.659	4.554.439	4.554
	Additions during the year	1.188.712	438	0	0
	Disposals during the year	-28.489	0	0	0
	Cost end of period	**9.256.931**	**8.097**	**4.554.439**	**4.554**
	Amortisation and write down opening balance	-7.123.644	- 6.583	-4.536.998	-4.520
	Depreciation for the year	-706.661	-541	-17.441	-17
	Reversal of depreciation, amortisation and write-down, assets disposed of	8.075	0	0	0
	Amortisation and write down end of period	**-7.822.230**	**-7.124**	**-4.554.439**	**-4.537**
	Carrying amount, end of period	**1.434.701**	**973**	**0**	**17**

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		Group		Parent	
		31/12 2023	31/12 2022	31/12 2023	31/12 2022
12.	**Leasehold improvements**				
	Cost opening balance	1.808.529	1.809	1.091.184	1.091
	Additions during the year	252.239	0	0	0
	Disposals during the year	-17.670	0	0	0
	Cost end of period	**2.043.098**	**1.809**	**1.091.184**	**1.091**
	Depreciation and write down opening balance	-1.564.992	-1.509	-954.858	-902
	Depreciation for the year	-209.459	-56	-52.933	-53
	Reversal of depreciation, amortisation and writedown, assets disposed of	**17.670**	**0**	**0**	**0**
	Depreciation and write down end of period	**-1.756.781**	**-1.565**	**-1.007.791**	**-955**
	Carrying amount, end of period	286.317	244	83.393	136

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		Group		Parent	
		31/12 2023	31/12 2022	31/12 2023	31/12 2022
13.	Investments in group enterprises				
	Acquisition sum, opening balance	0	0	2.761.224	2.444
	Additions during the year	0	0	64.254	318
	Cost end of period	0	0	**2.825.478**	**2.762**
	Revaluations, opening balance	0	0	30.340.518	30.960
	Dividend	0	0	0	-11.168
	Revaluations for the year	0	0	3.384.283	10.223
	Exchange rate adjustments, equity	0	0	-148.322	325
	Revaluation end of period	0	0	**33.576.479**	**30.340**
	Carrying amount, end of period	0	0	**36.401.957**	**33.102**

Group enterprises:

	Domicile	Equity interest
FabricAir GmbH	Germany	100 %
FabricAir AS	Norway	100 %
UAB FabricAir	Lithuania	100 %
FabricAir Ltd.	United kingdom	100 %
FabricAir Inc.	USA	100 %
FabricAir Turkey Ltd.	Turkey	100 %
FabricAir B.V.	Netherlands	100 %
FabricAir España S.L.	Spain	100 %
FabricAir Hong Kong Ltd.	Hong Kong	100 %
FabricAir AB	Sweden	100 %
FabricAir GmbH	Austria	100 %
FabricAir Latin America S.A. DE C.V.	Mexico	100 %
FabricAir Spólka Z Organoczona	Poland	100 %
FabricAir Holdings Inc., Canada	Canada	100 %
FabricAir (Pty) Ltd.	Republic of South Africa	100 %
FabricAir india Ltd.	India	100 %

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		Group		Parent	
		31/12 2023	31/12 2022	31/12 2023	31/12 2022
14.	**Deposits**				
	Cost opening balance	743.022	503	255.000	255
	Additions during the year	198.998	240	0	0
	Disposals during the year	-26.641	0	0	0
	Cost end of period	**915.379**	**743**	**255.000**	**255**
	Carrying amount, end of period	**915.379**	**743**	**255.000**	**255**
15.	**Prepayments and accrued income**				
	Prepayments	1.303.165	1.069	532.253	360
		1.303.165	**1.069**	**532.253**	**360**
16.	**Provisions for deferred tax**				
	Provisions for deferred tax opening balance	2.104.924	1.775	2.104.924	1.775
	Deferred tax of the results for the year	-132.384	330	-132.384	330
		1.972.540	**2.105**	**1.972.540**	**2.105**
17.	**Provisions for equity investments in group enterprises**				
	FabricAir GmbH, Tyskland	0	0	0	2.520
		0	**0**	**0**	**2.520**

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		Total payables 31 Dec 2023	Current portion of long term payables	Long term payables 31 Dec 2023	Outstanding payables after 5 years
18.	**Long term labilities other than provisions**				
	Group				
	Other bank debt	15.000.000	2.500.000	12.500.000	2.500.000
	Other payables	4.497.358	0	4.497.358	0
		19.497.358	**2.500.000**	**16.997.358**	**2.500.000**
	Parent				
	Other bank debt	15.000.000	2.500.000	12.500.000	2.500.000
		15.000.000	**2.500.000**	**12.500.000**	**2.500.000**

		Group		Parent	
		31/12 2023	31/12 2022	31/12 2023	31/12 2022
19.	**Deferred income**				
	Prepayments/deferred income	817.325	0	817.325	0
		817.325	**0**	**817.325**	**0**

20. **Charges and security**

For bank loans, TDKK 21.267, the company has provided security in company assets representing a nominal value of TDKK 10.000. This security comprises the assets below, stating the carrying amounts:

	TDKK
Inventories	35
Patents and rights	216
Trade receivables	9.034
Investments in UAB FabricAir	24.981

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21.	Contingencies		
	Contingent liabilities		
		Group	Parent
		31/12 2023	31/12 2023
		DKK in thousands	DKK in thousands
	Lease liabilities	585	585
	Rent commitments	752	752
	Total contingent liabilities	**1.337**	**1.337**

Joint taxation

With HOLDINGSELSKABET AF 21. MARTS 2005 ApS, company reg. no 28518560 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.

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22. Related parties

Controlling interest

Holdingselskabet af 21. Marts 2005 ApS, — Majority shareholder
C/O Brian Refsgaard,
Birkegården 4, Værløse

Transactions

The company has the following related party transactions:

	Parent	
	2023	2022
Interest costs to the parent company	147.800	134
Debt to the parent company	2.755.428	3.453

		Group	
		2023	2022
23.	**Adjustments**		
	Depreciation, amortisation, and impairment	3.382.439	3.103
	Tax on net profit or loss for the year	-976.402	-3.327
	Deferred tax	-132.384	330
	Other adjustments	-738.249	354
		1.535.404	**460**
24.	**Change in working capital**		
	Change in inventories	-59.517	-10.765
	Change in receivables	-8.346.482	3.120
	Change in trade payables and other payables	5.926.543	5.344
		-2.479.456	**-2.301**

FabricAir

fabricair.com

"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Brian Norup Refsgaard
Bestyrelsesmedlem
Serienummer: 2e60fe98-c276-4fde-ae7a-fe2fb28af394
IP: 80.209.xxx.xxx
2024-04-09 06:08:59 UTC
MitID

Brian Norup Refsgaard
Direktør og dirigent
Serienummer: 2e60fe98-c276-4fde-ae7a-fe2fb28af394
IP: 80.209.xxx.xxx
2024-04-09 06:08:59 UTC
MitID

Palle Johannes Jørgensen
Bestyrelsesformand
Serienummer: 4e1a41a8-80fd-4c45-bec5-b665cd998771
IP: 188.177.xxx.xxx
2024-04-09 07:57:57 UTC
MitID

Gitte Haar
Bestyrelsesmedlem
Serienummer: 96b773bf-3703-4d05-ac58-5d6917c996ae
IP: 83.93.xxx.xxx
2024-04-11 11:34:12 UTC
MitID

Niels Valdemar Juhl
Bestyrelsesmedlem
Serienummer: 653da38a-a2db-40db-884c-9a7fa015891a
IP: 87.104.xxx.xxx
2024-04-18 12:28:15 UTC
MitID

Rune Gottlieb Nielsen
Statsautoriseret revisor
Serienummer: d9f18da6-91c9-4874-8388-9edbb7ae4cf6
IP: 89.150.xxx.xxx
2024-04-18 13:49:19 UTC
MitID