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BDO Statsautoriseret revisionsaktieselskab
Havneholmen 29
DK-1561 København V
CVR no. 20 22 26 70

PHG GROUP APS

BANEGRAVEN 6, 3550 SLANGERUP

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2023

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 28 June 2024

Pia Grynnerup

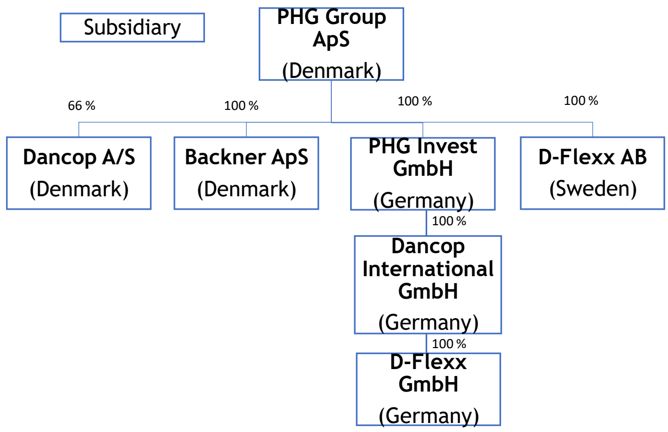
CVR NO. 32 30 03 83

CONTENTS

COMPANY DETAILS

Company	PHG Group ApS Banegraven 6 3550 Slangerup	
	CVR No.:	32 30 03 83
	Established:	23 December 2009
	Municipality:	Frederikssund
	Financial Year:	1 January - 31 December
Board of Directors	Lars Romedahl, chairman Peter Holstein Grynnerup Pia Holstein Grynnerup	
Executive Board	Peter Holstein Grynnerup	
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V	

GROUP STRUCTURE



MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of PHG Group ApS for the financial year 1 January - 31 December 2023.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2023 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2023.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Frederikssund, 28 June 2024

Executive Board

Peter Holstein Grynnerup

Board of Directors

Lars Romedahl Chairman	Peter Holstein Grynnerup	Pia Holstein Grynnerup

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of PHG Group ApS

Opinion

We have audited the Consolidated Financial Statements and the Annual Financial Statements of the Company of PHG Group ApS 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 both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Annual Financial Statements of the Company are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2023 and of the results of the Group and the Parent Company's operations as well as the consolidated cash flows of the Group 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 Annual Financial Statements of the Company" 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 (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matter

The company has transitioned from an extended review to an audit in accordance with international standards for the current financial year. The comparative figures have not been audited according to international standards, but they have been reviewed under the opinion standard for small businesses (extended review).

Management's Responsibilities for the Consolidated Financial Statements and the Annual Financial Statements of the Company

Management is responsible for the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company 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 the Annual Financial Statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company, 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 Annual Financial Statements of the Company unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT

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 Annual Financial Statements of the Company 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 the Annual Financial Statements of the Company.

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 Annual Financial Statements of the Company, 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 Parent 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 Annual Financial Statements of the Company 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 Parent 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 Annual Financial Statements of the Company 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 Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Annual Financial Statements of the Company, including the disclosures, and whether the Consolidated Financial Statements and the Annual Financial Statements of the Company 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.

INDEPENDENT AUDITOR'S REPORT

Statement on Management Commentary
Management is responsible for Management Commentary.

Our opinion on the Consolidated Financial Statements and the Annual Financial Statements of the Company does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and the Annual Financial Statements of the Company, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Consolidated Financial Statements and the Annual Financial Statements of the Company or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that Management Commentary is in accordance with the Consolidated Financial Statements and the Annual Financial Statements of the Company and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management Commentary.

Copenhagen, 28 June 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Dan Bøøk Malmstrøm
State Authorised Public Accountant
MNE no. mne21330

FINANCIAL HIGHLIGHTS OF THE GROUP

	2023 DKK '000	2022 DKK '000	2021 DKK '000	2020 DKK '000	2019 DKK '000
Income statement					
Gross profit/loss	43.116	37.680	33.279	1.575	61
Operating profit/loss before depreciation and amortisation (EBITDA)	15.370	12.382	33.139	1.528	41
Operating profit/loss of main activities	13.116	9.966	33.139	1.528	41
Financial income and expenses, net	-88	-809	10	45	75
Profit/loss for the year before tax	13.028	9.157	33.149	1.573	116
Profit/loss for the year	10.234	5.949	33.177	1.573	104
Balance sheet					
Total assets	87.050	74.843	43.247	9.729	8.146
Equity	37.939	21.906	42.430	9.362	7.899
Equity ex minority interests	32.219	17.448	42.430	9.362	7.899
Cash flows					
Investment in property, plant and equipment	-3.082	-1.183	0	0	0
Key ratios					
Equity ratio	37.0	23.3	98.1	96.2	97.0
Return on equity	34.2	18.5	128.1	18.2	1.3

The comparative figures for periods prior to 2022 comprise the parent company alone according to the Danish Financial Statements act section 78 (7).

The ratios stated in the list of key figures and ratios have been calculated as follows:

Equity ratio: $\frac{\text{Equity (ex. minorities), at year-end x 100}}{\text{Total assets, at year-end}}$

Return on equity: $\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

MANAGEMENT COMMENTARY

Principal activities
PHG Group is a leading in the production and international distribution of intralogistics products and warehouse safety solutions for various industries and sectors.
We hold a strong position in the global market and continuously seeking new opportunities to create value for our customers, employees, and shareholders.

Unusual matters
No unusual matters have occurred.

Recognition and measurement uncertainty
No specific uncertainty as to the recognition and measurement are applicable for the Company.

Development in activities and financial and economic position
We expect the market for our products and solutions to continue growing in the coming years, driven by increased demand from both existing and new customer segments. We see significant potential in various industries, driven by green and conventional solutions currently being implemented across many sectors, which require innovative and sustainable solutions.

Quite a few resources have been put into strengthening our cooperation with major and key accounts, and selected business partners, especially in APAC; OCEANIA and EU region, where growth potential has been identified as of special interest.

Profit/loss for the year compared to the expected development
The profit of the financial year 2023 is according to the expectations.

Significant events after the end of the financial year
No events have occurred after the end of the financial year of material importance for the Company's financial position.

Research and development activities
To meet the rising demand and prepare for the future, we have invested heavily in our business over the past year and will continue to do so in the coming years. We are increasing our capacity and efficiency in our production facilities, expanded our product portfolio with new and improved products, and strengthened our research and development activities to promote innovation and quality. We have also invested in our employees and their skills, ensuring we can attract and retain the best talent in the industry.

Future expectations
An overall new strategy, targeting towards 2028, has been set with ambitious goalsetting across all divisions and territories.
In the secund half of the year a new organizational structure has been implemented, alongside with strengthened cooperate governance structure, to meet customer demands, demographics and to secure future growth, in existing and new markets.

We are experiencing increasing demand across all our business areas, and we are working intensively to meet this demand and equip our various business units accordingly. We have a broad and diversified customer base, ranging from large multinational corporations to small and medium-sized enterprises, and from public institutions to private consumers. We offer tailored solutions that meet our customers' specific needs and requirements, and we provide high levels of service and support before, during, and after the sale.

We are proud of our achievements over the past year and optimistic about our future prospects. We have a solid financial position, a clear vision, and a committed organization. We will continue to invest in our business, our products, and our people, and we will continue to deliver value to our customers, employees, and shareholders.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	Group 2023 DKK '000	Group 2022 DKK '000	Parent Company 2023 DKK '000	Parent Company 2022 DKK '000
GROSS PROFIT		**43.116**	**37.680**	**-183**	**-140**
Staff costs	1	-27.499	-25.120	0	0
Depreciation, amortisation and impairment losses for tangible and intangible assets		-2.254	-2.416	0	0
Other operating expenses		-247	-178	0	0
OPERATING PROFIT		**13.116**	**9.966**	**-183**	**-140**
Income from investments in subsidiaries and associates		0	0	771	33.278
Other financial income	2	1.380	147	840	85
Impairment of investments in subsidiaries		0	0	-533	0
Other financial expenses	3	-1.468	-956	-14	-75
PROFIT BEFORE TAX		**13.028**	**9.157**	**881**	**33.148**
Tax on profit/loss for the year	4	-2.794	-3.208	-142	29
PROFIT FOR THE YEAR	5	**10.234**	**5.949**	**739**	**33.177**

BDO

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group 2023 DKK '000	Group 2022 DKK '000	Parent Company 2023 DKK '000	Parent Company 2022 DKK '000
Development projects completed, including patents and similar rights originating from development projects		2.444	3.343	0	0
Acquired concessions, patents, licences, trademarks and similar rights		332	421	0	0
Development projects in progress and prepayments for intangible assets		1.383	0	0	0
Intangible assets	6	**4.159**	**3.764**	**0**	**0**
Land and buildings		41.648	32.864	0	0
Other plant, fixtures and equipment		3.259	3.032	0	0
Leasehold improvements		270	0	0	0
Tangible fixed assets in progress and prepayments for tangible fixed assets		0	408	0	0
Property, plant and equipment	7	**45.177**	**36.304**	**0**	**0**
Investments in subsidiaries		0	0	8.891	5.424
Receivables from group companies		0	0	32.412	33.092
Financial non-current assets	8	**0**	**0**	**41.303**	**38.516**
NON-CURRENT ASSETS		**49.336**	**40.068**	**41.303**	**38.516**
Espenses for raw materials and consumables		2.838	2.848	0	0
Inventory in progress		2.306	2.314	0	0
Finished goods and goods for resale		12.674	11.949	0	0
Prepayments		0	266	0	0
Inventories		**17.818**	**17.377**	**0**	**0**
Trade receivables		7.510	7.256	0	0
Receivables from group enterprises		0	0	0	4.214
Other receivables		389	589	228	228
Joint tax contribution receivable		0	0	1.149	97
Prepayments	9	91	532	0	0
Receivables		**7.990**	**8.377**	**1.377**	**4.539**
Cash and cash equivalents		**11.906**	**9.021**	**1.590**	**191**
CURRENT ASSETS		**37.714**	**34.775**	**2.967**	**4.730**
ASSETS		**87.050**	**74.843**	**44.270**	**43.246**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group 2023 DKK '000	Group 2022 DKK '000	Parent Company 2023 DKK '000	Parent Company 2022 DKK '000
Share Capital		125	125	125	125
Reserve for revaluation		17.203	11.625	0	0
Reserve for development costs		2.924	2.606	0	0
Retained earnings		8.967	3.243	39.934	42.194
Proposed dividend		3.000	110	3.000	110
Minority shareholders		5.720	4.197	0	0
EQUITY		**37.939**	**21.906**	**43.059**	**42.429**
Provision for deferred tax	10	7.168	5.824	0	0
PROVISIONS		**7.168**	**5.824**	**0**	**0**
Debt to mortgage credit institution		28.228	31.417	0	0
Other non-current liabilities		640	607	0	0
Non-current liabilities	12	**28.868**	**32.024**	**0**	**0**
Debt to mortgage credit institution		3.189	2.903	0	0
Bank debt		286	2.832	0	0
Trade payables		2.846	2.788	0	0
Debt to group companies		0	0	436	711
Debt to associated enterprises		0	62	0	0
Corporation tax payable		3.004	3.178	675	40
Other liabilities		3.750	3.326	100	66
Current liabilities		**13.075**	**15.089**	**1.211**	**817**
LIABILITIES		**41.943**	**47.113**	**1.211**	**817**
EQUITY AND LIABILITIES		**87.050**	**74.843**	**44.270**	**43.246**

Contingencies etc. 14

Related parties 15

EQUITY

	Group					
	Share capital	Other reserves	Retained earnings	Proposed dividend	Minority shareholders	Total
Equity at 1 January 2023	125	13.970	3.243	110	4.197	21.645
Proposed profit allocation, see note 5			5.711	3.000	1.523	10.234
Transactions with owners						
Dividend paid				-110		-110
Other legal bindings						
Capitalized development costs		317	-317			0
Transfers						
Depreciations and value adjustments		7.507	330			7.837
Tax on changes in equity		**-1.667**				**-1.667**
Equity at 31 December 2023	**125**	**20.127**	**8.967**	**3.000**	**5.720**	**37.939**

	Group		
	Reserve for revaluation on properties	Reserve for development costs	Total
Equity at 1 January 2023	11.363	2.607	13.970
Other legal bindings			
Capitalized development costs		317	317
Transfers			
Depreciations and value adjustments	7.507		7.507
Tax on changes in equity	**-1.667**		**-1.667**
Equity at 31 December 2023	**17.203**	**2.924**	**20.127**

	Parent Company			
	Share capital	Retained earnings	Proposed dividend	Total
Equity at 1 January 2023	125	42.195	110	42.430
Proposed profit allocation, jf. note 5		-2.261	3.000	739
Transactions with owners				
Dividend paid			-110	-110
Equity at 31 December 2023	**125**	**39.934**	**3.000**	**43.059**

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group	
	2023 DKK '000	2022 DKK '000
Profit/loss for the year	10.234	5.949
Depreciation and amortisation, reversed	2.254	2.416
Adjustment of other financial expenses and income	668	15
Tax on profit/loss, reversed	2.794	3.208
Corporation tax paid	-616	0
Change in inventories	-441	-2.460
Change in receivables (ex tax)	387	-178
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility)	-4.543	-986
CASH FLOWS FROM OPERATING ACTIVITY	**10.737**	**7.964**
Purchase of intangible assets	-881	-1.051
Purchase of property, plant and equipment	-2.503	-1.183
CASH FLOWS FROM INVESTING ACTIVITY	**-3.384**	**-2.234**
Instalments on loans	-3.189	-441
Other changes in non-current debt	1.377	0
Dividends paid in the financial year	-110	-110
Other cash flows from financing activities	0	-1.340
CASH FLOWS FROM FINANCING ACTIVITY	**-1.922**	**-1.891**
CHANGE IN CASH AND CASH EQUIVALENTS	**5.431**	**3.839**
Cash and cash equivalents at 1. januar	6.189	2.350
CASH AND CASH EQUIVALENTS AT 31. DECEMBER	**11.620**	**6.189**

Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents	11.620	6.189
CASH AND CASH EQUIVALENTS	**11.620**	**6.189**

NOTES

	Group		Parent Company		
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000	Note
Staff costs					1
Average number of full time employees	60	55	1	1	
Wages and salaries	23.355	21.168	0	0	
Pensions	1.454	1.532	0	0	
Social security costs	240	229	0	0	
Other staff costs	2.450	2.191	0	0	
	27.499	**25.120**	**0**	**0**	

Information regaring remuneration to management have not been disclosed in accordance with the danish financial statements act section 98, 3 (2). The management has not received salary in the parent company.

	Group 2023	Group 2022	Parent 2023	Parent 2022	Note
Other financial income					2
Interest income from group enterprises	0	0	837	85	
Other interest income	1.380	147	3	0	
	1.380	**147**	**840**	**85**	
Other financial expenses					3
Interest expenses to group enterprises	0	0	10	9	
Other interest expenses	1.468	956	4	66	
	1.468	**956**	**14**	**75**	
Tax on profit/loss for the year					4
Calculated tax on taxable income of the year	3.623	3.353	142	-29	
Adjustment of deferred tax	-829	-145	0	0	
	2.794	**3.208**	**142**	**-29**	
Proposed distribution of profit					5
Proposed dividend for the year	3.000	110	3.000	110	
Retained earnings	5.711	5.608	-2.261	33.067	
Minoritetsinteressernes andel af dattervirksomheders resultat	1.523	231	0	0	
	10.234	**5.949**	**739**	**33.177**	

NOTES

Note

Intangible assets 6

	Group		
	Development projects completed, including patents and similar rights originating from development projects	Acquired concessions, patents, licences, trademarks and similar rights	Development projects in progress and prepayments for intangible assets
Cost at 1 January 2023	3.566	695	657
Transfer	80	0	-80
Additions	0	75	806
Cost at 31 December 2023	**3.646**	**770**	**1.383**
Amortisation at 1 January 2023	882	273	0
Amortisation for the year	320	165	0
Amortisation at 31 December 2023	**1.202**	**438**	**0**
Carrying amount at 31 December 2023	**2.444**	**332**	**1.383**

The capitalized development projects relate to staff costs and costs of materials in connection to the development of safety products for the industry. Completed development projects and those in progress especially relates to the development of the D-flexx product line. D-flexx has been a part of group for several years by now and it has been deemed that at least existing market has an interest in acquiring the products arising from the development projects. It is furthermore estimated that the majority of the development projects in progress are to be finalized during the year.

NOTES

Note

Property, plant and equipment 7

	Group	
	Land and buildings	Other plant, fixtures and equipment
Cost at 1 January 2023	20.813	18.653
Transferred	0	289
Additions	1.956	856
Disposals	0	-499
Cost at 31 December 2023	**22.769**	**19.299**
Revaluation at 1 January 2023	17.476	0
Revaluation of the year	7.577	0
Revaluation at 31 December 2023	**25.053**	**0**
Depreciation and impairment losses at 1 January 2023	5.418	15.644
Reversal of depreciation of assets disposed of	0	-427
Depreciation for the year	756	823
Depreciation and impairment losses at 31 December 2023	**6.174**	**16.040**
Carrying amount at 31 December 2023	**41.648**	**3.259**
Value of recognised assets, excluding revaluation under § 41 (1)	18.112	

	Group	
	Leasehold improvements	Tangible fixed assets in progress and prepayments for tangible fixed assets
Cost at 1 January 2023	0	408
Transferred	0	-289
Additions	270	0
Disposals	0	-119
Cost at 31 December 2023	**270**	**0**
Carrying amount at 31 December 2023	**270**	**0**

Financial non-current assets 8

	Group
	Receivables from Group companies
Carrying amount at 31 December 2023	**0**

NOTES

Note

Fixed asset investments (continued) 8

	Parent Company	
	Investments in subsidiaries	Receivables from Group companies
Cost at 1 January 2023	5.424	33.092
Additions	4.000	806
Disposals	0	-1.486
Cost at 31 December 2023	**9.424**	**32.412**
Impairment losses for the year	533	0
Impairment losses and amortisation of goodwill at 31 December 2023	**533**	**0**
Carrying amount at 31 December 2023	**8.891**	**32.412**

Investments in subsidiaries

Name and domicil	Ownership
Dancop A/S, Slangerup	66 %
Backner ApS, Slangerup	100 %
PHG Invest GmbH, Germany	100 %
D-Flexx AB, Sweden	100 %

Prepayments 9

Costs	91	532	0	0
	91	**532**	**0**	**0**

Prepayments consist of costs incurred relating to the following financial year.

Provision for deferred tax 10

The provision for deferred tax is related to differences between the carrying amount and tax value of securities, receivables, intangible and tangible fixed assets, including recognised finance lease contracts.

Deferred tax, beginning of year	5.824	2.058	0	0
Deferred tax of the year, other	-251	-145	0	0
Deferred tax of the year, equity	1.667	3.911	0	0
Provision for deferred tax 31 December 2023	**7.240**	**5.824**	**0**	**0**

Other provisions 11

Provisions consist of provisions that are long-term and which are not invoiced at the balance sheet date.

NOTES

Note

Long-term liabilities 12

	Group			
	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2022 total liabilities
Debt to mortgage credit institution...........	31.417	3.189	29.951	34.320
Other non-current liabilities....................	640	0	5.944	607
	32.057	**3.189**	**35.895**	**34.927**

Deferred income 13

Deferred income relates to income incurred relating to the following financial year.

Contingencies etc. 14

Joint liabilities

The Danish companies of the group is jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group's jointly taxed income amounts to DKK ('000) 675 at the Balance Sheet date for the danish companies.

Related parties 15

The Company's related parties include:

Controlling interest

Peter Holstein Grynnerup , managing director, is the principal shareholder.

Transactions with related parties

The Company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

Special items 16

In the current year, the parent company has impaired its investments in the swedish subsidiary as a result of the equity value.

Impairment of investments in subsidiaries.............................	0	0	-533	0
	0	**0**	**-533**	**0**

ACCOUNTING POLICIES

The Annual Report of PHG Group ApS for 2023 has been presented in accordance with the provisions of the Financial Statements Act for Danishmedium-size enterprises in reporting class C .

The Annual Report is prepared consistently with the accounting principles applied last year, except for the following changes.

Change in accounting policies and classification
The accounting policies have been changed as a consequence of the Company's changeover from reporting class B to reporting class C. The change has consequently resulted in, but not limited to, the preparation of consolidated financial statements and furhter disclosure requirements.

In accordance with the provisions of the Danish Financial Statements Act, comparative figures relating to the changes in policies are not adjusted for the prior reporting period and no consequences have been recorded directly in the equity.

Except for the above areas, the accounting policies are consistent with the policies applied last year.

Consolidated Financial Statements
The Consolidated Financial Statements include the Parent Company PHG Group ApS and the subsidiaries in which PHG Group ApS directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the Group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the Group structure.

The Consolidated Financial Statements consolidate the Financial Statements of the Parent Company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, intercompany accounts and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

Newly acquired or established enterprises are recognised in the Consolidated Financial Statements from the date of acquisition. Sold or wound-up enterprises are recognised in the Consolidated Income Statement up to the date of disposal. Comparative figures are not adjusted for newly acquired, sold or wound-up enterprises.

The date of takeover is the date at which the Group gains actual control over the acquired enterprise.

Acquired enterprises are recognised in the Consolidated Financial Statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods.

At calculation of the fair value of investment properties, a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, using an overall assessment of the production equipment. Deferred tax of the acquired reassessments with the exception of goodwill is recognised.

Positive differences (goodwill) between the acquisition value and fair value of acquired and identified assets and liabilities are recognised in intangible fixed assets as goodwill and amortised systematically in the Income Statement under an individual assessment of the useful life.

At acquisition of new companies, in which there are minority interests, the minority interests are recognised and measured at fair value, inclusive of goodwill on the share of the minority interests.

Equity interests in subsidiaries are set off by the proportional share of the subsidiaries' fair value of net assets and liabilities at the date of takeover.

ACCOUNTING POLICIES

Investments in associates are measured in the Balance Sheet at the proportional share of the equity value of the enterprises, calculated under the accounting policies of the Parent Company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the Income Statement after elimination of the proportional share of internal gains and losses.

Minority interests
The accounting items of the subsidiaries are recognised in full in the Consolidated Financial Statements. The minority interests' proportional share of the results and equity of the subsidiaries is stated as separate items in the allocation of profit/loss and equity, respectively.

INCOME STATEMENT

Net revenue
Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Where products with a high degree of individual adjustment are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total income and expenses regarding the contract and the degree of completion at the Balance Sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the Company.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Cost of sales
Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other operating income
Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible assets, operating loss and conflict compensations, as well as salary refunds. Compensations are recognised when the income is estimated to be realisable.

Other external expenses
Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, etc

Staff costs
Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Group and the Parent Company's employees.

Other operating expenses
Other operating expenses include items of a secondary nature in relation to the Group's and the Company's activities. Losses from sale of intangible and tangible fixed assets are also included.

Income from investments in subsidiaries and associates
Dividend from subsidiaries is recognised in the financial year in which the dividend is declared. In connection with transfers, potential profits are recognised when the economic rights related to the sold equity interests are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

ACCOUNTING POLICIES

Financial income and expenses
Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

Tax
The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

BALANCE SHEET

Intangible fixed assets
Development projects comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the Company's development activities and which fulfil the criteria for recognition in the Balance Sheet.

The accounting item is measured at the lower of the capitalised costs less accumulated amortisation and recoverable amount.
Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is usually estimated at 10 years.

Intangible fixed assets are generally written down to the recoverable amount if this is lower than the carrying amount.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets
Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Buildings...	50 years	25-50 %
Other plant, fixtures and equipment..	3-10 years	0-30 %
Leasehold improvements..	5-8 years	0%

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Investment properties are initially recognised at cost, which comprise the purchase price and possible direct costs related to the properties. The investment properties are subsequently recognised at fair value corresponding to the market value of the properties. Changes in the fair market value are recognised directly in the equity statement.

ACCOUNTING POLICIES

Financial non-current assets
Investments in subsidiaries are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

Acquired enterprises are subject to the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date, which is the time for obtaining control. The purchase consideration consists of the fair value of the agreed consideration in the form of transferred assets and liabilities. If a part of the purchase consideration is contingent on future events or compliance with agreed terms, this part of the purchase consideration is recognised at fair value at the date of acquisition. Subsequent regulations of the contingent purchase consideration are recognised in the Income Statement.

The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation models. A discounted cash flow model is used to calculate the fair value of investment properties based on a discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor’s opinion, based on an overall assessment of the production equipment. The acquisition date is the date on which the Company gains actual control over the acquired entity.

Ascertained excess values in relation to the underlying company’s equity value are recognised and measured in accordance with the accounting policies for the assets and liabilities, to which they attributable. Excess values concerning land and buildings are depreciated on a straight-line basis over the depreciation period, which is 50 years. Excess values concerning plants and machines as well as operating equipment and inventory are depreciated on a straight-line basis over the depreciation period, which is 3-10 years.

Land and buildings, plants and machines, as well as other fixtures, fittings, tools and equipment are measured at cost with deduction of accumulated depreciations. Land is not depreciated. Investment properties are measured at fair value corresponding to the open market value of the property, where changes to the fair value are recognised in the Income Statement. Inventories are measured at cost according to the FIFO principle with deductions of any depreciations at a lower net realisation value. Receivables and payables are measured at amortised cost.

Received dividend is deducted in the carrying amount of the equity investment.

Impairment of fixed assets
The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Inventories
Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct payroll cost and other direct and other indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, the cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at the expected sales price less direct completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price of the inventories.

Receivables
Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

Accruals, assets
Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax
Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

ACCOUNTING POLICIES

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities
Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

CASH FLOW STATEMENT

With reference to Section 86(4) of the Danish Financial Statements Act, the Parent Company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.

The cash flow statement shows the Company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:
Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:
Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:
Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:
Cash and cash equivalents include cash at bank and in hand and short-term securities, for which there is only negligible risk of changes in value, and which are readily negotiable for cash at bank and in hand.