



# Annual Report 2023



## **SPROUT HOLDING ApS**

Sydhavns Plads 12, 3.  
2450 Copenhagen SV  
CVR No. 35866787

## **Annual Report 2023**

The Annual General Meeting adopted  
the annual report on 29.05.2024

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**Michael Stausholm**  
Chairman of the General Meeting

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# Entity details

## Entity

SPROUT HOLDING ApS  
Sydhavns Plads 12, 3.  
2450 København SV

Business Registration No.: 35866787  
Registered office: København  
Financial year: 01.01.2023 - 31.12.2023

## Board of Directors

Johan Askari Bülow  
Michael Stausholm Christiansen  
Sidsel Maria Lundtang Rasmussen

## Executive Board

Michael Stausholm Christiansen

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
City Tower, Værkmestergade 2  
8000 Aarhus C

# Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of SPROUT HOLDING ApS for the financial year 01.01.2023 - 31.12.2023.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023.

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

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

København, 29.05.2024

## Executive Board

**Michael Stausholm Christiansen**

## Board of Directors

**Johan Askari Bülow**

**Michael Stausholm Christiansen**

**Sidsel Maria Lundtang Rasmussen**

# Independent auditor's extended review report

To the shareholders of SPROUT HOLDING ApS

## Conclusion

We have performed an extended review of the consolidated financial statements and the parent financial statements of SPROUT HOLDING ApS for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

## Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the consolidated financial statements and the parent financial statements" section. 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

## Management's responsibilities for the consolidated financial statements and the parent financial statements

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the extended review of the consolidated financial statements and the parent financial statements**

Our responsibility is to express a conclusion on the consolidated financial statements and the parent financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the consolidated financial statements and the parent financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the consolidated financial statements and the parent financial statements.

### **Statement on the management commentary**

Management is responsible for the management commentary.

Our conclusion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the consolidated financial statements and the parent financial statements our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Aarhus, 29.05.2024

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

### **Søren Marquart Alsen**

State Authorised Public Accountant  
Identification No (MNE) mne40040

### **Kasper Pagter Gjerløv**

State Authorised Public Accountant  
Identification No (MNE) mne50622

# Management commentary

## Financial highlights

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>					
Gross profit/loss	15,090	14,111	9,805	9,743	13,262
Operating profit/loss	898	2,135	394	1,089	5,097
Net financials	(464)	(529)	(217)	(71)	(187)
Profit/loss for the year	131	856	286	834	3,803
Profit for the year excl. minority interests	131	856	286	0	0
Balance sheet total	18,321	19,969	18,048	10,951	12,536
Investments in property, plant and equipment	13	0	(350)	0	0
Equity	4,504	4,891	4,591	4,258	3,504
Cash flows from operating activities	377	(2,317)	866	1,619	4,049
Cash flows from investing activities	(656)	(468)	(3,436)	(622)	(1,517)
Cash flows from financing activities	(716)	3,309	3,984	(1,012)	(1,358)
<b>Ratios</b>					
Return on equity (%)	2.79	18.06	6.46	21.49	237.30
Equity ratio (%)	24.58	24.49	25.44	38.88	27.95

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

### Return on equity (%):

Profit/loss for the year \* 100

Average equity

### Equity ratio (%):

Equity \* 100

Balance sheet total

### **Primary activities**

The primary purpose of the corporation is development, marketing, and sales of green and sustainable consumer products. The vision of the corporation is to reduce the global use of resources and to actively advocate for sustainability issues regarding production, green consumer products and businesses. We aim to inspire both businesses and consumers to be more sustainable in their behaviour. Our motto is: From small things, big things grow.

### **Development in activities and finances**

The income statement of the Group for 2023 shows a profit of DKK 131,256 and at 31 December 2023 the balance sheet of the Group shows positive equity of DKK 4,503,910. The management of the corporation is satisfied with these results from 2023

### **Profit/loss for the year in relation to expected developments**

Management had expected a growth of 15 % for 2023 versus 2022, but ended up at 7 % on gross margin

### **Outlook**

Management expects a small growth of 5-8 % for 2024

### **Environmental performance**

We invite you to read our comprehensive and detailed Sustainability report for 2023. The sustainability report can be requisitioned at:

<https://sproutworld.com/wp-content/uploads/2023/03/Sustainability-Report-2023.pdf>

### **Events after the balance sheet date**

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



# Consolidated income statement for 2023

	Notes	2023 DKK	2022 DKK
<b>Gross profit/loss</b>		<b>15,090,019</b>	<b>14,110,720</b>
Staff costs	1	(13,460,394)	(10,662,634)
Depreciation, amortisation and impairment losses	2	(731,415)	(1,223,797)
Other operating expenses		0	(88,868)
<b>Operating profit/loss</b>		<b>898,210</b>	<b>2,135,421</b>
Income from investments in group enterprises		(31,727)	0
Other financial income	3	144,241	114,116
Other financial expenses		(608,703)	(643,270)
<b>Profit/loss before tax</b>		<b>402,021</b>	<b>1,606,267</b>
Tax on profit/loss for the year	4	(270,765)	(750,647)
<b>Profit/loss for the year</b>		<b>131,256</b>	<b>855,620</b>
<b>Proposed distribution of profit and loss</b>			
Retained earnings		131,256	855,620
<b>Proposed distribution of profit and loss</b>		<b>131,256</b>	<b>855,620</b>

# Consolidated balance sheet at 31.12.2023

## Assets

	Notes	2023 DKK	2022 DKK
Acquired patents		6,259,421	6,051,059
Acquired rights		509,861	736,132
<b>Intangible assets</b>	5	<b>6,769,282</b>	<b>6,787,191</b>
Other fixtures and fittings, tools and equipment		12,605	0
Leasehold improvements		209,760	279,680
<b>Property, plant and equipment</b>	6	<b>222,365</b>	<b>279,680</b>
Deposits		182,715	182,715
<b>Financial assets</b>	7	<b>182,715</b>	<b>182,715</b>
<b>Fixed assets</b>		<b>7,174,362</b>	<b>7,249,586</b>
Manufactured goods and goods for resale		3,440,999	3,238,865
<b>Inventories</b>		<b>3,440,999</b>	<b>3,238,865</b>
Trade receivables		2,754,584	2,395,196
Receivables from group enterprises		719,798	644,333
Other receivables		758,914	2,151,956
Prepayments		239,119	60,541
<b>Receivables</b>		<b>4,472,415</b>	<b>5,252,026</b>
<b>Cash</b>		<b>3,233,369</b>	<b>4,228,606</b>
<b>Current assets</b>		<b>11,146,783</b>	<b>12,719,497</b>
<b>Assets</b>		<b>18,321,145</b>	<b>19,969,083</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2023 DKK</b>	<b>2022 DKK</b>
Contributed capital		62,367	62,367
Translation reserve		61,498	29,771
Retained earnings		4,380,045	4,248,789
Proposed dividend for the financial year		0	550,000
<b>Equity</b>		<b>4,503,910</b>	<b>4,890,927</b>
Deferred tax		937,460	770,358
<b>Provisions</b>		<b>937,460</b>	<b>770,358</b>
Bank loans		1,811,506	1,888,425
Other payables		0	171,006
<b>Non-current liabilities other than provisions</b>	<b>8</b>	<b>1,811,506</b>	<b>2,059,431</b>
Current portion of non-current liabilities other than provisions	8	1,002,000	500,080
Bank loans		4,052,186	5,501,493
Prepayments received from customers		945,729	831,372
Trade payables		3,726,306	3,523,353
Payables to group enterprises		0	285,284
Payables to owners and management		0	20
Tax payable		0	14,174
Joint taxation contribution payable		100,590	0
Other payables		840,281	1,592,591
Deferred income		401,177	0
<b>Current liabilities other than provisions</b>		<b>11,068,269</b>	<b>12,248,367</b>
<b>Liabilities other than provisions</b>		<b>12,879,775</b>	<b>14,307,798</b>
<b>Equity and liabilities</b>		<b>18,321,145</b>	<b>19,969,083</b>
Unrecognised rental and lease commitments	10		
Assets charged and collateral	11		
Subsidiaries	12		

# Consolidated statement of changes in equity for 2023

	Contributed capital DKK	Translation reserve DKK	Retained earnings DKK	Proposed dividend for the financial year DKK	Total DKK
Equity beginning of year	62,367	29,771	4,248,789	550,000	4,890,927
Ordinary dividend paid	0	0	0	(550,000)	(550,000)
Exchange rate adjustments	0	31,727	0	0	31,727
Profit/loss for the year	0	0	131,256	0	131,256
<b>Equity end of year</b>	<b>62,367</b>	<b>61,498</b>	<b>4,380,045</b>	<b>0</b>	<b>4,503,910</b>

# Consolidated cash flow statement for 2023

	Notes	2023 DKK	2022 DKK
Operating profit/loss		898,210	2,135,421
Amortisation, depreciation and impairment losses		731,415	1,223,797
Working capital changes	9	(770,898)	(5,206,772)
<b>Cash flow from ordinary operating activities</b>		<b>858,727</b>	<b>(1,847,554)</b>
Financial income received		144,241	176,783
Financial expenses paid		(608,703)	(643,270)
Taxes refunded/(paid)		(17,247)	(2,718)
<b>Cash flows from operating activities</b>		<b>377,018</b>	<b>(2,316,759)</b>
Acquisition etc. of intangible assets		(643,587)	(468,101)
Acquisition etc. of property, plant and equipment		(12,605)	0
<b>Cash flows from investing activities</b>		<b>(656,192)</b>	<b>(468,101)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>(279,174)</b>	<b>(2,784,860)</b>
Loans raised		2,052,250	3,023,745
Repayments of loans etc.		(769,006)	0
Incurrence of debt to group enterprises		0	285,284
Dividend paid		(550,000)	0
Change in short term credit		(1,449,307)	0
<b>Cash flows from financing activities</b>		<b>(716,063)</b>	<b>3,309,029</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(995,237)</b>	<b>524,169</b>
Cash and cash equivalents beginning of year		4,228,606	3,704,437
<b>Cash and cash equivalents end of year</b>		<b>3,233,369</b>	<b>4,228,606</b>
Cash and cash equivalents at year-end are composed of:			
Cash		3,233,369	4,228,606
<b>Cash and cash equivalents end of year</b>		<b>3,233,369</b>	<b>4,228,606</b>

# Notes to consolidated financial statements

## 1 Staff costs

	2023	2022
	DKK	DKK
Number of employees at balance sheet date	19	17

## 2 Depreciation, amortisation and impairment losses

	2023	2022
	DKK	DKK
Amortisation of intangible assets	661,495	1,153,877
Depreciation on property, plant and equipment	69,920	69,920
	<b>731,415</b>	<b>1,223,797</b>

## 3 Other financial income

	2023	2022
	DKK	DKK
Financial income from group enterprises	27,314	7,895
Financial income from associates	64,076	0
Exchange rate adjustments	4,234	99,229
Other financial income	48,617	6,992
	<b>144,241</b>	<b>114,116</b>

## 4 Tax on profit/loss for the year

	2023	2022
	DKK	DKK
Current tax	103,663	191,789
Change in deferred tax	167,102	459,387
Adjustment concerning previous years	0	99,471
	<b>270,765</b>	<b>750,647</b>

## 5 Intangible assets

	Acquired patents DKK	Acquired rights DKK
Cost beginning of year	10,611,625	1,167,099
Additions	521,756	121,830
<b>Cost end of year</b>	<b>11,133,381</b>	<b>1,288,929</b>
Amortisation and impairment losses beginning of year	(4,560,566)	(430,967)
Amortisation for the year	(313,394)	(348,101)
<b>Amortisation and impairment losses end of year</b>	<b>(4,873,960)</b>	<b>(779,068)</b>
<b>Carrying amount end of year</b>	<b>6,259,421</b>	<b>509,861</b>

## 6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	0	349,600
Additions	12,605	0
<b>Cost end of year</b>	<b>12,605</b>	<b>349,600</b>
Depreciation and impairment losses beginning of year	0	(69,920)
Depreciation for the year	0	(69,920)
<b>Depreciation and impairment losses end of year</b>	<b>0</b>	<b>(139,840)</b>
<b>Carrying amount end of year</b>	<b>12,605</b>	<b>209,760</b>

## 7 Financial assets

	Deposits DKK
Cost beginning of year	182,715
<b>Cost end of year</b>	<b>182,715</b>
<b>Carrying amount end of year</b>	<b>182,715</b>

## 8 Non-current liabilities other than provisions

	Due within 12 months 2023 DKK	Due within 12 months 2022 DKK	Due after more than 12 months 2023 DKK
Bank loans	1,002,000	500,080	1,811,506
	<b>1,002,000</b>	<b>500,080</b>	<b>1,811,506</b>

## 9 Changes in working capital

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Increase/decrease in inventories	(202,314)	(1,048,083)
Increase/decrease in receivables	779,611	(1,379,246)
Increase/decrease in trade payables etc.	(1,348,195)	(2,779,443)
	<b>(770,898)</b>	<b>(5,206,772)</b>

## 10 Unrecognised rental and lease commitments

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Total liabilities under rental or lease agreements until maturity	1,294,519	1,598,362

## 11 Assets charged and collateral

The parent company has provided a surety bond against bank involvement in subsidiary company.

The parent company has submitted a statement of support to the subsidiary company, Sprout IP ApS. The parent company undertakes to support the company financially if the need should arise, so that the subsidiary can continue its operations. Declaration of support is valid until 30 June 2024.

Mortgage deeds registered to the mortgagor totalling TDKK 4,000 (2021: TDKK 3,000) providing security on land and buildings as well as other property, plant and equipment at a total carrying amount of: 12,349,726

## 12 Subsidiaries

	<b>Registered in</b>	<b>Ownership %</b>
SproutWorld ApS	Denmark	100.00
Sprout IP ApS	Denmark	100.00
Sprout INC.	US	100.00



# Parent income statement for 2023

	Notes	2023 DKK	2022 DKK
<b>Gross profit/loss</b>		<b>(169,822)</b>	<b>(26,840)</b>
Income from investments in group enterprises		314,932	992,532
Other financial income	1	143,094	61,000
Other financial expenses	2	(175,463)	(209,689)
<b>Profit/loss before tax</b>		<b>112,741</b>	<b>817,003</b>
Tax on profit/loss for the year	3	18,515	38,617
<b>Profit/loss for the year</b>		<b>131,256</b>	<b>855,620</b>
<b>Proposed distribution of profit and loss</b>			
Retained earnings		131,256	855,620
<b>Proposed distribution of profit and loss</b>		<b>131,256</b>	<b>855,620</b>

# Parent balance sheet at 31.12.2023

## Assets

	Notes	2023 DKK	2022 DKK
Investments in group enterprises		8,174,812	8,663,963
<b>Financial assets</b>	4	<b>8,174,812</b>	<b>8,663,963</b>
<b>Fixed assets</b>		<b>8,174,812</b>	<b>8,663,963</b>
Receivables from group enterprises		2,183,772	1,832,114
Tax receivable		0	43,988
Joint taxation contribution receivable		18,515	0
<b>Receivables</b>		<b>2,202,287</b>	<b>1,876,102</b>
<b>Cash</b>		<b>64,526</b>	<b>342,729</b>
<b>Current assets</b>		<b>2,266,813</b>	<b>2,218,831</b>
<b>Assets</b>		<b>10,441,625</b>	<b>10,882,794</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2023</b> <b>DKK</b>	<b>2022</b> <b>DKK</b>
Contributed capital		62,367	62,367
Reserve for net revaluation according to equity method		2,219,484	3,686,150
Retained earnings		2,222,059	592,410
Proposed dividend for the financial year		0	550,000
<b>Equity</b>		<b>4,503,910</b>	<b>4,890,927</b>
Provisions for investments in group enterprises		1,202,003	459,780
<b>Provisions</b>		<b>1,202,003</b>	<b>459,780</b>
Payables to group enterprises		4,700,712	5,458,510
Other payables		35,000	73,577
<b>Current liabilities other than provisions</b>		<b>4,735,712</b>	<b>5,532,087</b>
<b>Liabilities other than provisions</b>		<b>4,735,712</b>	<b>5,532,087</b>
<b>Equity and liabilities</b>		<b>10,441,625</b>	<b>10,882,794</b>
Employees	5		
Contingent liabilities	6		
Assets charged and collateral	7		

# Parent statement of changes in equity for 2023

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend for the year DKK	Total DKK
Equity beginning of year	62,367	3,686,150	592,410	550,000	4,890,927
Ordinary dividend paid	0	0	0	(550,000)	(550,000)
Exchange rate adjustments	0	31,727	0	0	31,727
Dividends from group enterprises	0	(1,500,000)	1,500,000	0	0
Profit/loss for the year	0	1,607	129,649	0	131,256
<b>Equity end of year</b>	<b>62,367</b>	<b>2,219,484</b>	<b>2,222,059</b>	<b>0</b>	<b>4,503,910</b>

# Notes to parent financial statements

## 1 Other financial income

	2023	2022
	DKK	DKK
Financial income from group enterprises	79,003	54,042
Financial income from associates	64,076	0
Other interest income	15	0
Other financial income	0	6,958
	<b>143,094</b>	<b>61,000</b>

## 2 Other financial expenses

	2023	2022
	DKK	DKK
Financial expenses from group enterprises	175,463	209,689
	<b>175,463</b>	<b>209,689</b>

## 3 Tax on profit/loss for the year

	2023	2022
	DKK	DKK
Current tax	0	(43,988)
Change in deferred tax	0	5,371
Refund in joint taxation arrangement	(18,515)	0
	<b>(18,515)</b>	<b>(38,617)</b>

## 4 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	4,400,000
Additions	40,000
<b>Cost end of year</b>	<b>4,440,000</b>
Revaluations beginning of year	4,263,963
Exchange rate adjustments	31,727
Share of profit/loss for the year	314,932
Dividend	(1,500,000)
Investments with negative equity value depreciated over receivables	(118,033)
Investments with negative equity value transferred to provisions	742,223
<b>Revaluations end of year</b>	<b>3,734,812</b>
<b>Carrying amount end of year</b>	<b>8,174,812</b>

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

### **5 Employees**

The Entity has no employees other than the Executive Board. The Executive Officer has not received any remuneration.

### **6 Contingent liabilities**

The Entity participates in a Danish joint taxation arrangement in which Stausholm Invest ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore secondarily liable for income taxes etc. for the jointly taxed entities, limited to the equity interest by which the Entity participates in the Group, and also secondarily liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

### **7 Assets charged and collateral**

The parent company has provided a surety bond against bank involvement in subsidiary company.

The parent company has submitted a statement of support to the subsidiary company, Sprout IP ApS. The parent company undertakes to support the company financially if the need should arise, so that the subsidiary can continue its operations. Declaration of support is valid until 30 June 2024.

# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

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

## Recognition and measurement

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

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

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

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

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

## Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling, influence are regarded as associates.

## Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition

date, with net assets having been calculated at fair value.

## **Income statement**

### **Gross profit or loss**

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, costs of raw materials and consumables and external expenses.

### **Revenue**

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

### **Other operating income**

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds.

### **Cost of sales**

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

### **Costs of raw materials and consumables**

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and normal writedowns of the relevant inventories.

### **Other external expenses**

Other external expenses include expenses relating to the Entity's normal activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

### **Staff costs**

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

### **Depreciation, amortisation and impairment losses**

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year.

### **Other operating expenses**

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

### **Income from investments in group enterprises**

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.



**Other financial income**

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

**Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

**Tax on profit/loss for the year**

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

**Balance sheet****Intellectual property rights etc.**

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

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

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

**Property, plant and equipment**

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

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

	<b>Useful life</b>
Other fixtures and fittings, tools and equipment	3
Leasehold improvements	5

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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

### **Investments in group enterprises**

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

### **Inventories**

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

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

### **Receivables**

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

### **Tax payable or receivable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

**Joint taxation contributions payable or receivable**

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

**Prepayments**

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

**Cash**

Cash comprises cash in hand and bank deposits.

**Dividend**

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

**Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

**Other provisions**

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

On acquisition of enterprises and investments in group enterprises, provisions are made for costs relating to restructuring in the acquired enterprise that were decided and published at the acquisition date at the latest.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

**Other financial liabilities**

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

**Prepayments received from customers**

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

**Joint taxation contributions payable or receivable**

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

**Deferred income**

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

**Cash flow statement**

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk.