Skive Holding ApS

Hjortevej 3, 7800 Skive

CVR no. 37 12 81 12

Annual report for 2022

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 07.07.23

Ivar Malte Foghsgaard
Dirigent

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Group information etc.

The company

Skive Holding ApS
Hjortevej 3
7800 Skive
Registered office: Skive
CVR no.: 37 12 81 12
Financial year: 01.01 - 31.12

Executive Board

Lars Foghsgaard

Board of Directors

Christian Herskind Jørgensen, chairman
Lars Foghsgaard
Ivar Malte Foghsgaard
Johan Caspar Foghsgaard

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.22 - 31.12.22 for Skive Holding ApS.

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

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.12.22 and of the results of the group's and parent's activities and of the group's cash flows for the financial year 01.01.22 - 31.12.22.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Skive, July 7, 2023

Executive Board

Lars Foghsgaard

Board of Directors

Christian Herskind Jørgensen
Chairman

Lars Foghsgaard

Ivar Malte Foghsgaard

Johan Caspar Foghsgaard

Independent auditor's report

To the capital owners of Skive Holding ApS

Opinion

We have audited the consolidated financial statements and parent company financial statements of Skive Holding ApS for the financial year 01.01.22 - 31.12.22, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31.12.22 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 01.01.22 - 31.12.22 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing 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 parent company financial statements" section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement regarding the management's review

Management is responsible for management's review.

Our opinion on the consolidated financial statements and 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 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 or 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 consolidated financial statements and parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management’s review.

Management's responsibility for the consolidated financial statements and parent company financial statements

The 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. Furthermore the Management is responsible for the internal control as the 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 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 parent company financial statements unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the consolidated financial statements and parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and 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 International Standards on Auditing 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 International Standards on Auditing 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 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 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 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 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 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 parent company financial statements, including the disclosures, and whether the consolidated financial statements and 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 per-formance 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.

Soeborg, Copenhagen, July 7, 2023

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Torben Skov

State Authorized Public Accountant
MNE-no. mne19689

GROUPS FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2022	2021	2020	2019	2018
Profit/loss					
Gross profit	25,886	19,764	17,692	23,490	11,221
Operating loss	-1,791	-4,497	-6,830	-4,383	-35,357
Total net financials	-2,762	-231	-4,504	-1,118	60,070
Loss for the year	-4,553	-4,649	-11,333	-4,523	22,922
Balance					
Total assets	90,822	99,346	96,953	109,294	95,538
Investments in property, plant and equipment	1,222	1,351	1,829	687	811
Equity	-4,058	79	5,249	16,307	21,226
Cashflow					
Net cash flow:					
Operating activities	3,820	-2,864	6,898	-6,080	59,408
Investing activities	-2,335	-2,239	-3,326	-1,697	-1,564
Financing activities	-3,558	1,949	-1,815	10,041	-56,729
Cash flows for the year	-2,073	-3,154	1,757	2,264	1,115

Ratios

	2022	2021	2020	2019	2018
Profitability					
Return on equity	229%	-174%	-105%	-24%	-146%
Equity ratio					
Solvency ratio	-4%	0%	5%	15%	22%
Others					
Number of employees (average)	83	79	74	89	113

Ratios definitions

Return on equity: $\dfrac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

Solvency ratio: $\dfrac{\text{Equity, end of year x 100}}{\text{Total assets}}$

Primary activities

The parent company Skive Holding ApS, acts as a holding company for the Labflex Group and has no other activities.

Labflex A/S is a turnkey provider of interior solutions and products to laboratories and hospitals. Core activities are design, engineering, installation, and after-sales supported by sales, marketing, project management and supply chain services.

Development in activities and financial affairs

The income statement for the period 01.01.22 - 31.12.22 shows a profit/loss of DKK -4,553,343 against DKK -4,648,718 for the period 01.01.21 - 31.12.21. The balance sheet shows equity of DKK -4,058,299.

As part of the 2022 budget process, the Labflex management team had expected operational challenges following the continued Covid-19 pandemic, disturbed supply chains and price increase on raw material and components. The outlook for the financial year 2022 was, despite challenges, an increased revenue and improved operational financial performance compared to 2021 due to a positive development in the order back-log on projects in Scandinavia, the UK and in Germany.

The Covid-19 sanctions were cancelled during the spring allowing business travels to be normalized. However, the disturbance in the global supply chain and mainly the price increase on raw material and components was not expected to be as significant and long lasting as it turned out to be. The operational focus during the year was on securing a stable supply of all critical raw materials, allowing pending projects to be executed and finalized appropriately. Additionally, financial control was intensified to secure the protection of our project margins.

Despite our ability to limit the negative impact from the fierce cost price increase, it was not possible to pass on the extraordinary increases in cost prices to all our clients. The main constraints have been contractual client and project obligations. The unexpected, sudden, and severe challenges have been faced and handled with sufficient urgency and with acceptable financial results.

The significant increase in energy prices during H2 2022 did not affect the financial performance as Labflex A/S had a fixed price agreement on electricity and gas lasting towards the end of 2022. The financial net result was on the contrary affected by the significant increasing interest rates during the fall of 2022.

Compared to 2021 the revenue increased approximately 25% in 2022 and the operational result was realized above budget, whilst the net financial result close to budget.

Conclusively, the financial performance in 2022 is perceived as being satisfying.

Outlook

From a business perspective, 2023 is still to some extend affected by the last year’s supply chain challenges and significant cost price increase on raw material and components. The main impact and uncertainties are currently related to the development within energy prices, inflation, and the interest rate.

As a result of price increases and inflation, higher costs are budgeted for 2023. Costs for the ongoing strategic projects carried out during the year have also been included.

Business expansion projects initiated during 2022 are continuing in 2023 and are strategically important to secure a viable diversification of the current core business activities. These projects are supported by both internal and external resources - and include a continued focus on organic growth, operational efficiency improvements and digitalization of both the operational processes and the services offered to our clients across markets and segments. Employee training and retention are also pivotal areas of attention.

The plans for expanding the Labflex A/S business on export markets are developing as planned e.g., expansion in Germany and Switzerland via the Labflex A/S partnerships and in a further strengthening of our UK business through our Labflex Ltd. organization.

The market outlook for 2023 and 2024 is promising as several new and major projects are identified and/or even tendered across markets. Despite a significant and healthy pipeline, uncertainty and risks are related to whether projects will be either postponed or terminated as a consequence of the development within inflation and interest rates and the uncertainty related to the general development in the global economy.

The order intake for 2023 has both been satisfying and shown a positive development. Currently, more than 85 % of the years budgeted revenue has been secured. Consequently, the budgeted 2023 revenue is expected to be achieved and Labflex A/S's management team maintains the initial budget expectations for 2023 showing a positive improvement in both the operational result and the net profit for the year.

Financial risks

Labflex A/S does not have risks beyond what normally characterizes the industry. The management team works purposefully with an ongoing optimization of both the group's costs and liquidity management, including credit assessment of customers. Labflex A/S does not enter speculative business, just as the management, with a view to minimizing the risk of loss-making contracts, continuously assesses ongoing tenders and monitors the tendering process.

Despite not having any extraordinary or significant risks, Labflex A/S's activities do create exposure to a variety of financial risks. These risks include market risk (such as foreign exchange risk and interest rate risk), credit risk and liquidity risk – each can potentially affect Labflex A/S's net result

and/or equity. The aim is to reduce the financial risks as much as possible by continuously monitoring and assessing the specific risks and implement mitigating actions accordingly.
Foreign exchange risks are mitigated using cautious tender and contractual terms and using financial instruments like hedging and SWAP.

Liquidity risk results from Labflex A/S's potential inability to meet the obligation associated with its financial liabilities. The management team continuously works to optimize sales efforts and costs to both secure and increase earnings and the cash flow. Liquidity is managed, evaluated, and reported bi-weekly including two months running forecast.

As in previous years, the company's bank has announced its intention to continue the engagement with the company and the parent company.

As stated in note no. 1, Labflex A/S expects that the negotiations for a new multi-year bank agreement will be implemented in the fall of 2023, including the continued settlement of the company’s bank debt.

Environmental performance

The environment has become a central topic on Labflex A/S's agenda. Labflex A/S has specific plans for both reducing the energy consumption and the carbon footprint - and Labflex A/S also have pending development projects with the aim to support clients in reducing both their operational- and carbon footprint in laboratories.

In Q4 2022 Labflex A/S published the company’s first climate report including a detailed analysis and specification of the energy consumption and carbon emission from the company’s activities.

Labflex A/S runs its business with the highest possible respect for environmental matters – both related to own produced goods and third part sourced products.

The use of polluting auxiliary substances in the production process is very limited.

Research and development activities

The Group develops new products and maintains its design continuously.

Based on assessments of the specific development activities, development costs are regularly expensed in the income statement or depreciated.

Subsequent events

No events after the balance sheet date have occurred that effects the evaluation of the annual report and e.g., accruals related to provision on debt and project risks or -liabilities are evaluated to be realistic and conservative.

Based on the development in the revenue and financial performance during H1 2023 and the positive order back-log for H2 2023, the Group´s management team continues to operate the company based on going concern.

Income statement

Note		Group 2022 DKK	Group 2021 DKK	Parent 2022 DKK	Parent 2021 DKK
	Gross profit	**25,885,522**	**19,763,927**	**0**	**0**
	Distribution costs	-8,640,100	-4,522,312	0	0
	Administration costs	-19,036,816	-19,738,117	-36,000	-2,201
	Operating loss	**-1,791,394**	**-4,496,502**	**-36,000**	**-2,201**
3	Income from equity investments in group enterprises	0	0	-3,429,397	-3,640,075
4	Financial income	38,040	2,497,862	345	338
5	Financial expenses	-2,799,989	-2,729,359	-1,088,291	-1,023,745
	Loss before tax	**-4,553,343**	**-4,727,999**	**-4,553,343**	**-4,665,683**
	Tax on loss for the year	0	79,281	0	16,965
	Loss for the year	**-4,553,343**	**-4,648,718**	**-4,553,343**	**-4,648,718**

6 Proposed appropriation account

Balance sheet

ASSETS

Note		Group		Parent	
		31.12.22 DKK	31.12.21 DKK	31.12.22 DKK	31.12.21 DKK
	Completed development projects	2,689,995	2,654,692	0	0
	Acquired rights	1,225	1,225	0	0
	Goodwill	10,565,781	14,407,370	0	0
7	**Total intangible assets**	**13,257,001**	**17,063,287**	**0**	**0**
	Leasehold improvements	1,903,246	2,442,303	0	0
	Plant and machinery	3,206,021	3,752,617	0	0
	Other fixtures and fittings, tools and equipment	1,420,688	1,389,914	0	0
8	**Total property, plant and equipment**	**6,529,955**	**7,584,834**	**0**	**0**
9	Equity investments in group enterprises	0	0	30,013,787	33,027,330
10	Deposits	884,972	1,058,616	0	0
	Total investments	**884,972**	**1,058,616**	**30,013,787**	**33,027,330**
	Total non-current assets	**20,671,928**	**25,706,737**	**30,013,787**	**33,027,330**
	Raw materials and consumables	3,446,516	5,263,421	0	0
	Work in progress	1,028,847	660,951	0	0
	Manufactured goods and goods for resale	691,280	212,682	0	0
	Total inventories	**5,166,643**	**6,137,054**	**0**	**0**
11	Work in progress for third parties	19,842,390	12,013,714	0	0
	Trade receivables	25,449,179	34,288,068	0	0
	Receivables from group enterprises	2,727,318	2,126,482	17,648	17,303
	Other receivables	1,173,412	1,418,510	0	0
12	Prepayments	1,222,598	1,013,987	0	0
	Total receivables	**50,414,897**	**50,860,761**	**17,648**	**17,303**
13	**Cash**	**14,568,504**	**16,641,310**	**0**	**62,888**
	Total current assets	**70,150,044**	**73,639,125**	**17,648**	**80,191**
	Total assets	**90,821,972**	**99,345,862**	**30,031,435**	**33,107,521**

Balance sheet

EQUITY AND LIABILITIES

Note		Group 31.12.22 DKK	Group 31.12.21 DKK	Parent 31.12.22 DKK	Parent 31.12.21 DKK
	Share capital	13,250,000	13,250,000	13,250,000	13,250,000
	Reserve for development costs	2,098,196	2,070,660	0	0
	Foreign currency translation reserve	318,207	-97,647	318,007	-97,847
	Retained earnings	-19,724,702	-15,143,823	-16,606,444	-12,053,101
	Total equity	**-4,058,299**	**79,190**	**-3,038,437**	**1,099,052**
14	Other provisions	139,558	139,558	0	0
	Total provisions	**139,558**	**139,558**	**0**	**0**
15	Subordinate loan capital	12,139,508	11,844,214	0	0
15	Payables to other credit institutions	13,000,000	17,000,000	13,000,000	17,000,000
15	Lease commitments	184,834	277,680	0	0
15	Other payables	3,246,465	3,203,669	0	0
	Total long-term payables	**28,570,807**	**32,325,563**	**13,000,000**	**17,000,000**
15	Short-term part of long-term payables	4,764,609	5,852,745	4,000,000	4,000,000
	Payables to other credit institutions	30,708,182	29,838,690	1,109,212	0
11	Prepayments received from work in progress for third parties	238,244	0	0	0
	Prepayments received from customers	0	3,838,410	0	0
	Trade payables	18,696,720	15,423,947	319,553	319,279
	Payables to group enterprises	2,238,198	2,185,823	14,641,107	10,689,190
	Other payables	9,523,953	9,661,936	0	0
	Total short-term payables	**66,169,906**	**66,801,551**	**20,069,872**	**15,008,469**
	Total payables	**94,740,713**	**99,127,114**	**33,069,872**	**32,008,469**
	Total equity and liabilities	**90,821,972**	**99,345,862**	**30,031,435**	**33,107,521**

16 Contingent liabilities
17 Charges and security
18 Related parties

Statement of changes in equity

Figures in DKK	Share capital	Reserve for development costs	Foreign currency translation reserve	Retained earnings	Total equity
Group:					
Statement of changes in equity for 01.01.22 - 31.12.22					
Balance as at 01.01.22	13,250,000	2,070,660	-97,647	-15,143,823	79,190
Foreign currency translation adjustment of foreign enterprises	0	0	415,854	0	415,854
Transfers to/from other reserves	0	27,536	0	-27,536	0
Net profit/loss for the year	0	0	0	-4,553,343	-4,553,343
Balance as at 31.12.22	13,250,000	2,098,196	318,207	-19,724,702	-4,058,299
Parent:					
Statement of changes in equity for 01.01.22 - 31.12.22					
Balance as at 01.01.22	13,250,000	0	-97,847	-12,053,101	1,099,052
Foreign currency translation adjustment of foreign enterprises	0	0	415,854	0	415,854
Net profit/loss for the year	0	0	0	-4,553,343	-4,553,343
Balance as at 31.12.22	13,250,000	0	318,007	-16,606,444	-3,038,437

Consolidated cash flow statement

Note		Group 2022 DKK	2021 DKK
	Loss for the year	**-4,553,343**	**-4,648,718**
19	Adjustments	9,962,295	7,081,651
	Change in working capital:		
	Inventories	970,411	286,834
	Receivables	619,508	-19,428,763
	Trade payables	3,269,014	6,774,227
	Other payables relating to operating activities	-3,685,774	9,013,004
	Other provisions	0	-1,710,493
	Cash flows from operating activities before net financials	**6,582,111**	**-2,632,258**
	Interest income and similar income received	38,040	2,497,862
	Interest expenses and similar expenses paid	-2,799,989	-2,729,359
	Cash flows from operating activities	**3,820,162**	**-2,863,755**
	Purchase of intangible assets	-1,131,512	-898,486
	Sale of intangible assets	0	10,593
	Purchase of property, plant and equipment	-1,221,527	-1,351,135
	Sale of property, plant and equipment	17,618	0
	Cash flows from investing activities	**-2,335,421**	**-2,239,028**
	Change in debt to credit instituions	1,285,345	5,798,413
	Repayment of payables to credit institutions	-4,000,000	-3,000,000
	Repayment of lease commitments	-1,228,988	-1,201,495
	Repayment of other long-term payables	386,096	352,438
	Cash flows from financing activities	**-3,557,547**	**1,949,356**
	Total cash flows for the year	**-2,072,806**	**-3,153,427**
	Cash, beginning of year	16,641,310	19,794,737
	Cash, end of year	**14,568,504**	**16,641,310**
	Cash, end of year, comprises:		
	Cash	14,568,504	16,641,310
	Total	**14,568,504**	**16,641,310**

1. Information as regards going concern

As in previous years, the company's bank has confirmed its intention to continue the engagement with the company and its parent company. The confirmation is valid until 31.12.2023.

The management expects that the negotiations for a new long-term bank agreement will be implemented in the fall of 2023, including the continued settlement of the group's bank debt.

It is the management's assessment, based on the group's realized and budgeted EBITDA, that the Group will be able to continue to settle the debt items over time and to finance its current obligations as they fall due. The management continues to optimize the sales efforts and cost base to ensure both increased earnings and the cash flow.

	Group		Parent	
	2022 DKK	2021 DKK	2022 DKK	2021 DKK

2. Employee aspects

Wages and salaries	38,174,498	35,383,099	0	0
Pensions	2,713,419	2,490,171	0	0
Other social security costs	177,737	160,416	0	0
Other staff costs	418,584	174,873	0	0
Total	41,484,238	38,208,559	0	0
Average number of employees during the year	83	79	0	0

Remuneration for the management:

Remuneration for the Executive Board and Board of Directors	3,058,324	4,153,289	0	0

3. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	0	412,192	200,101
Amortisation of goodwill	0	0	-3,841,589	-3,840,176
Total	0	0	-3,429,397	-3,640,075

4. Financial income

Interest, group enterprises	345	338	345	338
Other interest income	4,809	11,720	0	0
Foreign currency translation adjustments	32,886	2,485,804	0	0
Other financial income	37,695	2,497,524	0	0
Total	38,040	2,497,862	345	338

	Group		Parent	
	2022 DKK	2021 DKK	2022 DKK	2021 DKK

5. Financial expenses

Interest, group enterprises	334,986	426,328	419,722	327,648
Other interest expenses	1,590,412	1,348,107	668,569	696,097
Foreign exchange losses	429,402	502,817	0	0
Other financial expenses	445,189	452,107	0	0
Other financial expenses total	2,465,003	2,303,031	668,569	696,097
Total	2,799,989	2,729,359	1,088,291	1,023,745

6. Proposed appropriation account

Retained earnings	-4,553,343	-4,648,718	-4,553,343	-4,648,718
Total	-4,553,343	-4,648,718	-4,553,343	-4,648,718

7. Intangible assets

Figures in DKK	Completed development projects	Acquired rights	Goodwill
Group:			
Cost as at 01.01.22	5,119,369	24,500	128,246,000
Additions during the year	1,131,512	0	0
Cost as at 31.12.22	6,250,881	24,500	128,246,000
Amortisation and impairment losses as at 01.01.22	-2,464,677	-23,275	-113,838,630
Amortisation during the year	-1,096,209	0	-3,841,589
Amortisation and impairment losses as at 31.12.22	-3,560,886	-23,275	-117,680,219
Carrying amount as at 31.12.22	2,689,995	1,225	10,565,781

Development projects relates to development of a new products and internal processes, which are intended to supplement and replace part of the current portfolio of Lab-equipment including optimizing current manufacturing processes and workstream.

8. Property, plant and equipment

Figures in DKK	Leasehold improvements	Plant and machinery	Other fixtures and fittings, tools and equipment
Group:			
Cost as at 01.01.22	5,932,890	14,395,609	6,745,308
Foreign currency translation adjustment of foreign enterprises	-5,974	0	0
Additions during the year	82,503	821,544	317,480
Disposals during the year	0	0	-4,520,173
Cost as at 31.12.22	6,009,419	15,217,153	2,542,615
Depreciation and impairment losses as at 01.01.22	-3,490,587	-10,642,992	-5,355,394
Foreign currency translation adjustment of foreign enterprises	5,972	0	0
Depreciation during the year	-621,558	-1,368,140	-269,088
Reversal of depreciation of and impairment losses on disposed assets	0	0	4,502,555
Depreciation and impairment losses as at 31.12.22	-4,106,173	-12,011,132	-1,121,927
Carrying amount as at 31.12.22	1,903,246	3,206,021	1,420,688
Parent:			
Carrying amount of assets held under finance leases as at 31.12.22	0	1,588,213	0

9. Equity investments in group enterprises

Figures in DKK	Equity investments in group enterprises
Parent:	
Cost as at 01.01.22	257,118,974
Cost as at 31.12.22	257,118,974
Depreciation and impairment losses as at 01.01.22	-224,091,644
Foreign currency translation adjustment of foreign enterprises	415,854
Amortisation of goodwill	-3,841,589
Net profit/loss from equity investments	412,192
Depreciation and impairment losses as at 31.12.22	-227,105,187
Carrying amount as at 31.12.22	30,013,787
The item comprises goodwill as at 31.12.22 of	11,585,644

Name and registered office:	Ownership interest	Equity DKK	Net profit/loss for the year DKK
Subsidiaries:			
Labflex A/S, Skive	100%	18,428,143	412,192
Labflex Ltd., Derby, UK	100%	-7,109,318	223,447

10. Other non-current financial assets

Figures in DKK	Deposits
Group:	
Cost as at 01.01.22	1,703,740
Additions during the year	88,488
Disposals during the year	-22,132
Cost as at 31.12.22	1,770,096
Impairment losses as at 01.01.22	-645,124
Impairment losses during the year	-240,000
Impairment losses as at 31.12.22	-885,124
Carrying amount as at 31.12.22	884,972

	Group		Parent	
	31.12.22 DKK	31.12.21 DKK	31.12.22 DKK	31.12.21 DKK

11. Work in progress for third parties

Work in progress for third parties	106,991,782	56,906,310	0	0
On-account invoicing	-87,387,636	-48,731,006	0	0
Over-invoicing set off against trade receivables	0	3,838,410	0	0
Total work in progress for third parties	19,604,146	12,013,714	0	0
Work in progress for third parties	19,842,390	12,013,714	0	0
Prepayments received from work in progress for third parties, short-term payables	-238,244	0	0	0
Total	19,604,146	12,013,714	0	0

12. Prepayments

Other prepayments	1,222,598	1,013,987	0	0

13. Cash

Cash includes a guarantee cover account amounting to t.DKK 11.000 which is pledged as security for debt to the Group's bank.

14. Other provisions

Figures in DKK	Warranty commitments
Group:	
Provisions as at 01.01.22	139,558
Provisions as at 31.12.22	139,558

	31.12.22 DKK	31.12.21 DKK	31.12.22 DKK	31.12.21 DKK
Other provisions are expected to be distributed as follows:				
Non-current liabilities	139,558	139,558	0	0

15. Long-term payables

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.22	Total payables at 31.12.21
Group:				
Subordinate loan capital	0	0	12,139,508	11,844,214
Payables to credit institutions	4,000,000	0	17,000,000	21,000,000
Lease commitments	699,276	0	884,110	2,113,098
Other payables	65,333	2,961,852	3,311,798	3,220,996
Total	4,764,609	2,961,852	33,335,416	38,178,308
Parent:				
Payables to credit institutions	4,000,000	0	17,000,000	21,000,000
Total	4,000,000	0	17,000,000	21,000,000

The full amount of the subordinate loan capital ranks after the company's existing and future creditors. The subordinate loan capital carries interest at a rate of 2,5% p.a. and falls due for payment in full when bank loans are fully paid.

16. Contingent liabilities

Group:

Lease commitments

The group has concluded lease agreements with yearly lease payments of t.DKK 5,587, a total of t.DKK 13,694 until termination date. This includes lease agreements concluded with group enterprises, but the agreements are also specified separately below.

The group has concluded lease agreements with a total obligation of t.DKK 11,119.

Parent:

Recourse guarantee commitments

The company has guaranteed Labflex A/S engagement with the bank for a maximum of t.DKK 42,500.

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and is liable for income taxes on a pro rata basis and must comply with any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The maximum liability totals an amount corresponding to the share of the capital in the company which is owned directly or indirectly by the ultimate parent. The total tax liability for the jointly taxed companies at the balance sheet date has not yet been determined. For further information, please see the financial statements of the management company Fox3 ApS.

17. Charges and security

Group:

The Group has issued a company pledge of t.DKK 25,000 (2021: t.DKK 25,000) as security for debt to bank. The security comprises inventories and un-secured claims relating to the sale of goods and services as well as goodwill, etc. The company pledge is carrying amount of mortgaged assets is t.DKK 36,775 (2021: t.DKK 41,842).

Moreover, the Group has provided security for all debt to the bank upon the company’s investments in Labflex Ltd. The carrying amount of mortgaged investments at 31.12.2022 is t.DKK 0.

The Group has provided a guarantee for Skive Holding ApS as security for the OTC framework.

17. Charges and security - continued -

Parent:

The company has provided security for all debt to the bank in the form of mortgaged shares in a subsidiary. The carrying amount of mortgaged investments as at 31.12.2022 are t.DKK 36,775.

18. Related parties

Controlling influence	Basis of influence
Lars Foghsgaard Holding ApS, Gentofte	Ownership
Fox3 ApS, Gentofte	Ownership

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

Remuneration for the management is specified in note 2. Employee aspects.

The company is included in the consolidated financial statements of the parent Fox3 ApS, Gentofte.

	Group	
	2022 DKK	2021 DKK
19. Adjustments for the cash flow statement		
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	7,196,692	6,842,516
Financial income	-38,040	-2,497,862
Financial expenses	2,799,989	2,729,359
Tax on profit or loss for the year	0	-79,281
Other adjustments	3,654	86,919
Total	9,962,295	7,081,651

20. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for medium-sized groups and enterprises in reporting class C with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

CURRENCY

The annual report is presented in Danish kroner (DKK).

20. Accounting policies - continued -

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the reserve for net revaluation according to the equity method in respect of investments measured according to the equity method, and otherwise under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

LEASES

Leases relating to assets where the company has substantially all the risks and benefits incidental to the ownership of the asset (finance leases) are recognised in the balance sheet. On initial recognition, assets held under finance leases and related lease commitments are measured at the lower of the fair value of the leased asset and the present value of future lease payments. Subsequently, assets held under finance leases are treated like other similar assets.

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as payables. Subsequent to initial recognition, lease commitments are measured at amortised cost according to which the interest element of the lease payment is recognised in the income statement over the lease term.

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

20. Accounting policies - continued -

INCOME STATEMENT

Gross profit

Gross profit comprises revenue and production costs as well as other operating income.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from construction contracts involving the delivery of highly customised assets are recognised in the income statement as revenue according to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method).

Production costs

Costs incurred, directly or indirectly, to generate the revenue for the year, including raw materials and consumables, wages and salaries and lease of and depreciation, amortisation and impairment losses on the fixed assets used in the production process, are recognised under production costs.

Distribution costs

Costs for the distribution of goods sold during the year and sales campaigns etc., including wages and salaries for sales staff, advertising and exhibition costs etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used in the distribution and sales activity, are recognised under distribution costs.

Administrative expenses

Expenses incurred during the year for management and administration, including wages and salaries for administrative staff and management as well as office premise expenses, office expenses, bad debts etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used for administration, are recognised under administrative expenses.

20. Accounting policies - continued -

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value DKK
Completed development projects	5-10	
Acquired rights	5-10	0
Goodwill	10	0
Leasehold improvements	3-10	0
Plant and machinery	10	0
Other plant, fixtures and fittings, tools and equipment	3-10	0

Goodwill is amortised over 10 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Income from equity investments in group entreprises

For equity investments in subsidiaries that in the parent are measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

20. Accounting policies - continued -

Other net financials

Interest income and interest expenses, the interest element of finance lease payments, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Intangible assets

Completed development projects and development projects in progress

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

20. Accounting policies - continued -

Acquired rights

Aquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Goodwill

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains or losses on the disposal of intangible assets

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements, plant and machinery as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

20. Accounting policies - continued -

Equity investments in group entreprises

Equity investments in subsidiaries are recognised and measured according to the equity method in the balance sheet of the parent. For equity investments in subsidiaries, the equity method is considered a measurement method.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments. However, transaction costs on the acquisition of subsidiaries are recognised in the income statement in the consolidated financial statements at the date incurred.

On subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Equity investments with a negative carrying amount are measured at DKK 0. Receivables that are considered part of the combined investment in the enterprises in question are impaired by any remaining negative equity value. Other receivables from such enterprises are impaired to the extent that such receivables are considered uncollectible. Provisions to cover the remaining negative equity value are recognised to the extent that the parent has a legal or constructive obligation to cover the liabilities of the enterprise in question.

Goodwill recognised under equity investments is amortised according to the straight-line method based on an individual assessment of the useful life of the asset. The useful life of goodwill has been determined at 10 years for equity investments in subsidiaries. The useful life has been determined in consideration of the expected future net earnings of the enterprise to which the goodwill relates.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

20. Accounting policies - continued -

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist. Impairment losses on goodwill are not reversed, unless goodwill is included in the carrying amount of equity investments.

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The cost of manufactured finished goods and work in progress is determined as the value of direct and indirect material and labour costs. Production overheads include indirect material and labour costs as well as maintenance and depreciation of machinery, buildings and equipment used in the production process as well as the costs of factory administration and management. Interest on loans arranged to finance production is not included in the cost.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

20. Accounting policies - continued -

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Work in progress for third parties

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

The net revaluation of equity investments measured according to the equity method is recognized in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

An amount equivalent to internally generated development costs in the balance sheet is recognised in

20. Accounting policies - continued -

the financial statements of the parent in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

Unrealised foreign currency gains and losses from the translation of the net investment in independent foreign entities are recognised in equity under the foreign currency translation reserve. The reserve is dissolved when the independent foreign entities are disposed of.

Provisions

Other provisions comprise expected expenses incidental to warranty commitments, loss on work in progress, restructuring etc. and are recognised when the company has a legal or constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

Warranty commitments comprise the obligation to repair defective work within the warranty period of 1-5 years. Warranty commitments are measured at net realisable value and recognised based on previous years' experience with warranty work.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities within the same tax jurisdiction or elimination in tax on future earnings.

20. Accounting policies - continued -

Deferred tax is measured on the basis of the tax rules and at the tax rates in the respective countries which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

With subordinate loan capital, the creditor has subordinated its claim to those of all other creditors of the company.

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the parent's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables. Cash flows from financing activities also comprise finance lease payments.

20. Accounting policies - continued -

Cash and cash equivalents at the beginning and end of the year comprise cash.

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared for the parent as the parent is included in the consolidated cash flow statement.