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Chromaviso Holding ApS

Finlandsgade 25 A
8200 Aarhus N
CVR No. 37670022

Annual report 2023

The Annual General Meeting adopted the annual report on 08.07.2024

Anders Kristan Kryger Nielsen
Chairman of the General Meeting

Contents

Entity details

Entity

Chromaviso Holding ApS
Finlandsgade 25 A
8200 Aarhus N

Business Registration No.: 37670022
Registered office: Aarhus
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Steen Hvidt
Claus Munch Puggaard
Jacob Printz
Thomas Charles Marie Delalande

Executive Board

Claus Munch Puggaard
Anders Kristian Kryger Nielsen

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 Chromaviso 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 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.

Aarhus, 08.07.2024

Executive Board

Claus Munch Puggaard **Anders Kristian Kryger Nielsen**

Board of Directors

Steen Hvidt **Claus Munch Puggaard**

Jacob Printz **Thomas Charles Marie Delalande**

Independent auditor's report

To the shareholders of Chromaviso Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Chromaviso 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. The consolidated financial statements and the parent financial statements are prepared 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 for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent 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 Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements 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 audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion 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 audit 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 audit 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 the 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, 08.07.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jacob Nørmark
State Authorised Public Accountant
Identification No (MNE) mne30176

Management commentary

Primary activities

The Company's primary activity is to develop and deliver health-promoting light solutions to hospitals, the psychiatric sector and the nursing sector.

Further information about the company activities can be found at www.chromaviso.com or LinkedIn/Chromaviso.

Description of material changes in activities and finances

The financial result for the year with a loss after tax of 7.260 t. DKK is considered satisfactory.

There is satisfaction with the technological and market development, where the company is making good progress with its health-promoting lighting concepts in Denmark, Sweden and the other Nordic countries.

It is the management's assessment that the current credit facilities are sufficient to maintain the groups activities and support growth for the coming year, which is based on the prepared budgets and credit limits from current creditors. After the balance sheet date, a capital increase of DKK 12 million was made in Chromaviso A/S to support future growth.

Events after the balance sheet date

After the balance sheet date, the majority of the shares have been sold in Chromaviso A/S. No further events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Parent treasury shares

	Number	Nominal value DKK	Share of contributed capital %
Chromaviso Holding ApS - A-Shares	2,890	2,890	2.60
Holding of treasury shares	**2,890**	**2,890**	**2.60**

Consolidated income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		**13,196,636**	**11,651,316**
Staff costs	2	(16,696,188)	(6,557,998)
Depreciation, amortisation and impairment losses		(2,371,966)	(1,962,443)
Other operating expenses		(516,973)	(149,986)
Operating profit/loss		**(6,388,491)**	**2,980,889**
Other financial income		59,778	51,577
Other financial expenses		(2,867,402)	(1,825,570)
Profit/loss before tax		**(9,196,115)**	**1,206,896**
Tax on profit/loss for the year	3	1,935,649	(1,063,408)
Profit/loss for the year		**(7,260,466)**	**143,488**
Proposed distribution of profit and loss			
Retained earnings		(7,260,466)	143,488
Proposed distribution of profit and loss		**(7,260,466)**	**143,488**

Consolidated balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Completed development projects	5	10,025,013	9,764,422
Acquired intangible assets		1,879,906	2,132,793
Goodwill		873,806	998,635
Development projects in progress	5	16,680,408	12,344,475
Intangible assets	4	**29,459,133**	**25,240,325**
Other fixtures and fittings, tools and equipment		310,039	433,094
Leasehold improvements		115,185	248,332
Property, plant and equipment	6	**425,224**	**681,426**
Fixed assets		**29,884,357**	**25,921,751**
Manufactured goods and goods for resale		5,835,930	6,510,206
Inventories		**5,835,930**	**6,510,206**
Trade receivables		8,521,867	12,548,395
Contract work in progress	7	3,271,335	2,853,530
Other receivables		607,623	427,616
Tax receivable	8	2,310,864	931,215
Prepayments		544,884	691,416
Receivables		**15,256,573**	**17,452,172**
Cash		**510,224**	**1,318,208**
Current assets		**21,602,727**	**25,280,586**
Assets		**51,487,084**	**51,202,337**

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		111,202	83,759
Translation reserve		39,567	33,075
Reserve for development costs		21,015,543	17,281,558
Retained earnings		(18,272,431)	(11,731,123)
Equity		**2,893,881**	**5,667,269**
Deferred tax		3,799,000	4,355,000
Provisions		**3,799,000**	**4,355,000**
Bank loans		4,400,000	6,290,000
Debt to other credit institutions		7,950,153	7,847,613
Convertible and profit-sharing debt instruments		14,174,444	9,681,686
Payables to owners and management		1,000,000	1,000,000
Other payables		755,489	725,169
Deferred income		1,026,416	0
Non-current liabilities other than provisions	9	**29,306,502**	**25,544,468**
Current portion of non-current liabilities other than provisions	9	2,839,676	3,265,973
Bank loans		3,387,461	2,027,371
Payables to other credit institutions		299,004	0
Contract work in progress	7	2,629,423	2,792,850
Trade payables		2,493,926	2,790,607
Payables to owners and management		249,822	0
Tax payable		27,019	0
Other payables		3,334,341	4,285,666
Deferred income		227,029	473,133
Current liabilities other than provisions		**15,487,701**	**15,635,600**
Liabilities other than provisions		**44,794,203**	**41,180,068**
Equity and liabilities		**51,487,084**	**51,202,337**
Going concern	1		
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	Reserve for development costs DKK	Retained earnings DKK	Total DKK
Equity beginning of year	83,759	33,075	17,281,558	(11,731,123)	5,667,269
Increase of capital	27,443	0	0	0	27,443
Capital increase by debt conversion	0	0		4,453,143	4,453,143
Exchange rate adjustments	0	6,492	0	0	6,492
Transfer to reserves	0	0	3,733,985	(3,733,985)	0
Profit/loss for the year	0	0	0	(7,260,466)	(7,260,466)
Equity end of year	**111,202**	**39,567**	**21,015,543**	**(18,272,431)**	**2,893,881**

Notes to consolidated financial statements

1 Going concern

It is the management's assessment that the current credit facilities are sufficient to maintain the groups activities and support growth for the coming year, which is based on the prepared budgets and credit limits from current creditors. After the balance sheet date, a capital increase of DKK 12 million was made in Chromaviso A/S to support future growth.

2 Staff costs

	2023 DKK	2022 DKK
Wages and salaries	15,480,266	5,179,677
Pension costs	1,215,922	1,202,774
Other staff costs	0	175,547
	16,696,188	**6,557,998**

Average number of full-time employees	**26**	**25**

3 Tax on profit/loss for the year

	2023 DKK	2022 DKK
Current tax	(1,379,649)	(931,215)
Change in deferred tax	(556,000)	1,791,000
Adjustment concerning previous years	0	203,623
	(1,935,649)	**1,063,408**

4 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Goodwill DKK	Development projects in progress DKK
Cost beginning of year	15,575,416	3,170,166	1,248,293	12,344,475
Transfers	1,935,199	0	0	(1,935,199)
Additions	0	63,440	0	6,341,132
Disposals	0	0	0	(70,000)
Cost end of year	**17,510,615**	**3,233,606**	**1,248,293**	**16,680,408**
Amortisation and impairment losses beginning of year	(5,810,994)	(1,037,373)	(249,658)	0
Amortisation for the year	(1,674,608)	(316,327)	(124,829)	0
Amortisation and impairment losses end of year	**(7,485,602)**	**(1,353,700)**	**(374,487)**	**0**
Carrying amount end of year	**10,025,013**	**1,879,906**	**873,806**	**16,680,408**

5 Development projects

The Company's development projects in progress consist of development of projects to support the Company's primary activity and to further develop the Company's products. The development projects are tranferred to completed development projects when completed and are all expected to generate profits in future. The development projects recognised proceed as expected.

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	681,366	668,749
Cost end of year	**681,366**	**668,749**
Depreciation and impairment losses beginning of year	(248,272)	(420,417)
Depreciation for the year	(123,055)	(133,147)
Depreciation and impairment losses end of year	**(371,327)**	**(553,564)**
Carrying amount end of year	**310,039**	**115,185**

7 Contract work in progress

	2023 DKK	2022 DKK
Contract work in progress	30,873,045	29,531,887
Progress billings	(30,231,133)	(29,471,207)
Transferred to liabilities other than provisions	2,629,423	2,792,850
	3,271,335	**2,853,530**

8 Tax receivable

Corporation tax receivable recognized in the balance sheet relates to the use of the tax credit scheme under section 8X of the Ligningsloven, whereby the company can be paid the tax value of tax losses which originate from costs for research and development.

Based on the review of the criteria for using the scheme, it is the management's opinion that the company is entitled to use the scheme and the recognition has been made on the basis of this assessment.
However, whether the criteria for applying the scheme are met is based on a discretionary assessment. As a result, there may be a risk that the tax authorities assess that the criteria are not met. If applicable, the receivable will have to be reversed in whole or in part via the income statement in subsequent financial years.

9 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	Outstanding after 5 years 2023 DKK
Bank loans	1,640,000	1,390,000	4,400,000	0
Debt to other credit institutions	1,199,676	1,875,973	7,950,153	45,521
Convertible and profit-sharing debt instruments	0	0	14,174,444	14,174,444
Payables to owners and management	0	0	1,000,000	1,000,000
Other payables	0	0	755,489	725,169
Deferred income	0	0	1,026,416	513,208
	2,839,676	**3,265,973**	**29,306,502**	**16,458,342**

10 Unrecognised rental and lease commitments

	2023 DKK	2022 DKK
Total liabilities under rental or lease agreements until maturity	**1,659,794**	**2,075,359**

11 Assets charged and collateral

The Company has granted a floating charge of DKK 15,000k on trade receivables, inventories, goodwill, operating equipment and vehicles. The value of the floating charge is DKK 11,073k at 31.12.2023.

12 Subsidiaries

	Registered in	Corporate form	Ownership %
Chromaviso A/S	Denmark	A/S	100.00
Chromaviso AB	Sweden	AB	100.00

Parent income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		**(69,600)**	**(346,500)**
Income from investments in group enterprises		(6,556,559)	873,912
Other financial income	2	375	346
Other financial expenses	3	(634,682)	(180,647)
Profit/loss before tax		**(7,260,466)**	**347,111**
Tax on profit/loss for the year		0	(203,623)
Profit/loss for the year		**(7,260,466)**	**143,488**
Proposed distribution of profit and loss			
Retained earnings		(7,260,466)	143,488
Proposed distribution of profit and loss		**(7,260,466)**	**143,488**

Parent balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Investments in group enterprises		2,682,796	9,232,863
Financial assets	4	**2,682,796**	**9,232,863**
Fixed assets		**2,682,796**	**9,232,863**
Receivables from group enterprises		14,650,283	6,098,822
Tax receivable	5	2,310,864	931,215
Receivables		**16,961,147**	**7,030,037**
Cash		**17,068**	**24,270**
Current assets		**16,978,215**	**7,054,307**
Assets		**19,661,011**	**16,287,170**

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		111,202	83,759
Translation reserve		39,567	33,075
Retained earnings		2,743,112	5,550,435
Equity		**2,893,881**	**5,667,269**
Convertible and profit-sharing debt instruments		14,174,444	9,681,686
Non-current liabilities other than provisions	6	**14,174,444**	**9,681,686**
Trade payables		32,000	7,000
Payables to owners and management		249,822	0
Joint taxation contribution payable		2,310,864	931,215
Current liabilities other than provisions		**2,592,686**	**938,215**
Liabilities other than provisions		**16,767,130**	**10,619,901**
Equity and liabilities		**19,661,011**	**16,287,170**
Going concern	1		
Contingent liabilities	7		
Assets charged and collateral	8		

Parent statement of changes in equity for 2023

	Contributed capital DKK	Translation reserve DKK	Retained earnings DKK	Total DKK
Equity beginning of year	83,759	33,075	5,550,435	5,667,269
Increase of capital	27,443	0	0	27,443
Capital increase by debt conversion	0	0	4,453,143	4,453,143
Exchange rate adjustments	0	6,492	0	6,492
Profit/loss for the year	0	0	(7,260,466)	(7,260,466)
Equity end of year	**111,202**	**39,567**	**2,743,112**	**2,893,881**

Notes to parent financial statements

1 Going concern

It is the management's assessment that the current credit facilities are sufficient to maintain the parents activities for the coming year, which is based on credit limits from current creditors and a letter of support from owners.

2 Other financial income

	2023 DKK	2022 DKK
Other interest income	375	346
	375	**346**

3 Other financial expenses

	2023 DKK	2022 DKK
Financial expenses from group enterprises	221,613	177,536
Other interest expenses	0	221
Other financial expenses	413,069	2,890
	634,682	**180,647**

4 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	15,252,910
Cost end of year	**15,252,910**
Impairment losses beginning of year	(6,020,047)
Exchange rate adjustments	6,492
Amortisation of goodwill	(124,829)
Share of profit/loss for the year	(6,431,730)
Impairment losses end of year	**(12,570,114)**
Carrying amount end of year	**2,682,796**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements. The carrying amount of investments in group entreprises is composed of a net asset value of the group enterprises of DKK 2.683k and goodwill with a book value of DKK 874k.

5 Tax receivable

Corporation tax receivable recognized in the balance sheet relates to the use of the tax credit scheme under section 8X of the Ligningsloven, whereby the company can be paid the tax value of tax losses which originate from costs for research and development.

Based on the review of the criteria for using the scheme, it is the management's opinion that the company is entitled to use the scheme and the recognition has been made on the basis of this assessment.
However, whether the criteria for applying the scheme are met is based on a discretionary assessment. As a result, there may be a risk that the tax authorities assess that the criteria are not met. If applicable, the receivable will have to be reversed in whole or in part via the income statement in subsequent financial years.

6 Non-current liabilities other than provisions

	Due after more than 12 months 2023 DKK	Outstanding after 5 years 2023 DKK
Convertible and profit-sharing debt instruments	14,174,444	14,174,444
	14,174,444	**14,174,444**

7 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

8 Assets charged and collateral

The Company has provided a self-debt guarantee regarding the Chromaviso A/S bank debts which is maximized to DKK 12 million. The bank debt is 9,4 million per 31.12.2023.

The company have deposited the shares in the subsidiary Chromaviso A/S as a safety for the bank debts in Chromaviso Holding A/S and Chromaviso A/S.

The Company has provided an unlimited self-debt guarantee regarding the Chromaviso A/S debt to other credit institutions. The debt to other credit institutions is 9,1 million per 31.12.2023.

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, however with some reclassifications.

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.

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

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in translation reserve in equity.

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.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

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 ordinary 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, and gains and losses from the sale of intangible assets and property, plant and equipment.

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 interest income, including interest income on receivables from group enterprises etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises 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.

The Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill
Goodwill is the positive difference between cost and fair value 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 goodwill, useful life has been determined based on an assessment of

whether the amount of goodwill includes intangible resources of a temporary nature that cannot be seperated and recognised as separete assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

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.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5-10 years.

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
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.

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:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

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.

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 reserve for net revaluation according to the equity method in equity.

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.

Cost consists of purchase price plus delivery costs.

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.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a contract in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

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.

Prepayments

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

Cash

Cash comprises bank deposits.

Treasury shares

Acquisition and selling prices and dividends of treasury shares are classified directly as equity in retained earnings. Gains and losses from sale are not recognised in the income statement. Capital reduction by cancellation of treasury shares reduces the contributed capital by an amount corresponding to their nominal value.

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.

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 financial liabilities

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

Deferred income

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