GRO Holding XII ApS

Grønningen 17, 2., DK-1270 Copenhagen

Annual Report for 2023

CVR No. 42 23 90 38

The Annual Report was presented and adopted at the Annual General Meeting of the company on 7/6 2024

Lars Dybkjær
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of GRO Holding XII ApS for the financial year 1 January - 31 December 2023.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 7 June 2024

Executive Board

Lars Dybkjær
Manager

Board of Directors

Lars Dybkjær Chairman	Lars Christian Lunde

Independent Auditor's report

To the shareholder of GRO Holding XII ApS

Opinion

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

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of GRO Holding XII ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the 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 Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the 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, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the 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.

Independent Auditor's report

Hellerup, 7 June 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Søren Ørjan Jensen
State Authorised Public Accountant
mne33226

Henrik Aslund Pedersen
State Authorised Public Accountant
mne17120

Company information

The Company	GRO Holding XII ApS Grønningen 17, 2. 1270 Copenhagen CVR No: 42 23 90 38 Financial period: 1 January - 31 December Municipality of reg. office: Copenhagen
Board of Directors	Lars Dybkjær, chairman Lars Christian Lunde
Executive Board	Lars Dybkjær
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a 2-year period, the development of the Group is described by the following financial highlights:

	Group	
	2023	2022
	TEUR	TEUR
Key figures		
Profit/loss		
Gross profit/loss	9,500	-7
Profit/loss of primary operations	-745	-7
Profit/loss of financial income and expenses	-728	0
Net profit/loss for the year	-1,374	-7
Balance sheet		
Balance sheet total	17,293	4,519
Equity	8,798	4,420
Cash flows		
Cash flows from:		
- operating activities	-3,304	-20
- investing activities	-4,031	0
- financing activities	8,274	0
Change in cash and cash equivalents for the year	939	-20
Number of employees	86	0
Ratios		
Return on assets	-4.3%	-0.2%
Solvency ratio	50.9%	97.8%
Return on equity	-20.8%	-0.2%

Management's review

Key activities

The parents company's primary activity is holding shares in the subsidary SECOMEA A/S.

SECOMEA’s principal activities are trading and service activities, which provide secure and scalable digital industrial communication for defending the factory floor.

Development in the year

The income statement of the Group for 2023 shows a loss of EUR 1,373,581, and at 31 December 2023 the balance sheet of the Group shows a positive equity of EUR 8,798,215.

The past year and follow-up on development expectations from last year

Since the Group was established in 2023, there was no announced expectations for the financial year 2023.

Targets and expectations for the year ahead

The market is witnessing a heightened emphasis on customer and regulatory demands regarding cybersecurity and compliance, driving greater digitalization within the ecosystem. As the primary target of cyber-attacks globally, the manufacturing sector faces more stringent cybersecurity protocols and mandates outlined in the NIS2 directive and the forthcoming Cyber Resilience Act. These developments are poised to significantly shape the future digital landscape and transform business practices within the market.

With unwavering commitment, dedication, and significant investments in cybersecurity and compliance, SECOMEA are poised to fully support our entire ecosystem as it embarks on its digitalization journey. SECOMEA anticipate that our activities will continue to expand throughout 2024.

For 2024 a positive result before tax and deprecation of assets regarding purchase price allocation of EUR 1.500 - EUR 4.000 thousand is expected.

Research and development

SECOMEA's development activities primarily focus on communication solutions for secure remote access, where both customer and regulatory requirements regarding cybersecurity and compliance are crucial for the industrial market.

The factory floor is at the heart of the manufacturing industry, where innovation, collaboration, and production intersect. SECOMEA have launched our next-generation platform, SECOMEA Prime, built on the newest technology stack and zero-trust architecture. It is the gateway to this dynamic ecosystem, fostering seamless connectivity and security across the machine builder and manufacturing landscape.

External environment

Environmental, Social, and Governance (ESG) initiatives are strategic for SECOMEA and the organization. SECOMEA continue to pursue our 5-year target for Carbon neutrality and implement and fortify our environmental policies, anti-bribery and corruption, diversity, and inclusion.

Intellectual capital resources

SECOMEA proactively works to retain and inspire employees by creating an attractive workplace and offering competitive terms and well-balanced incentive structures. SECOMEA continued to invest significantly in R&D, developing innovative products and services that attract and retain the best talent in the marketplace.

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Management's review

Unusual events

The financial position at 31 December 2023 of the Group and the results of the activities and cash flows of the Group for the financial year for 2023 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	Group		Parent company	
		2023	2022	2023	2022
		EUR	EUR	EUR	EUR
Gross profit/loss		**9,500,272**	**-6,981**	**-155,102**	**-6,981**
Staff expenses	1	-9,330,963	0	0	0
Amortisation and impairment losses of intangible assets		-910,107	0	0	0
Other operating expenses		-4,045	0	0	0
Profit/loss before financial income and expenses		**-744,843**	**-6,981**	**-155,102**	**-6,981**
Financial income		195,220	0	0	0
Financial expenses		-923,607	-276	-360,550	-276
Profit/loss before tax		**-1,473,230**	**-7,257**	**-515,652**	**-7,257**
Tax on profit/loss for the year	2	99,649	0	0	0
Net profit/loss for the year	3	**-1,373,581**	**-7,257**	**-515,652**	**-7,257**

Balance sheet 31 December

Assets

		Group		Parent company	
	Note	2023	2022	2023	2022
		EUR	EUR	EUR	EUR
Completed development projects		72,078	0	0	0
Acquired licenses		1,636,137	0	0	0
Acquired trademarks		469,200	0	0	0
Acquired other similar rights		2,785,875	0	0	0
Goodwill		3,436,504	0	0	0
Development projects in progress		2,084,514	0	0	0
Intangible assets	4	**10,484,308**	**0**	**0**	**0**
Other fixtures and fittings, tools and equipment		17,053	0	0	0
Leasehold improvements		10,637	0	0	0
Property, plant and equipment	5	**27,690**	**0**	**0**	**0**
Investments in subsidiaries	6	0	0	11,729,613	0
Investments in associates	7	0	4,480,036	0	4,480,036
Other receivables	8	916,100	0	0	0
Fixed asset investments		**916,100**	**4,480,036**	**11,729,613**	**4,480,036**
Fixed assets		**11,428,098**	**4,480,036**	**11,729,613**	**4,480,036**
Inventories	9	**2,279,846**	**0**	**0**	**0**
Trade receivables		2,134,980	0	0	0
Other receivables		52,184	6,723	6,709	6,723
Deferred tax asset	11	192,759	0	0	0
Corporation tax		146,193	0	0	0
Prepayments	10	88,290	0	0	0
Receivables		**2,614,406**	**6,723**	**6,709**	**6,723**

Balance sheet 31 December

Assets

		Group		Parent company	
	Note	2023	2022	2023	2022
		EUR	EUR	EUR	EUR
Cash at bank and in hand		**970,905**	**32,212**	**437,248**	**32,212**
Current assets		**5,865,157**	**38,935**	**443,957**	**38,935**
Assets		**17,293,255**	**4,518,971**	**12,173,570**	**4,518,971**

Balance sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2023	2022	2023	2022
		EUR	EUR	EUR	EUR
Share capital		13,418	10,085	13,418	10,085
Share premium account		0	0	0	0
Retained earnings		6,003,390	4,409,743	6,786,655	4,409,743
Equity attributable to shareholders of the Parent Company		**6,016,808**	**4,419,828**	**6,800,073**	**4,419,828**
Minority interests		2,781,407	0	0	0
Equity		**8,798,215**	**4,419,828**	**6,800,073**	**4,419,828**
Provision for deferred tax	11	1,064,498	0	0	0
Provisions		**1,064,498**	**0**	**0**	**0**
Credit institutions		5,367,038	0	5,367,038	0
Long-term debt	12	**5,367,038**	**0**	**5,367,038**	**0**
Credit institutions	12	1,113	0	0	0
Trade payables		446,830	3,900	6,459	3,900
Other payables		882,639	95,243	0	95,243
Deferred income	13	732,922	0	0	0
Short-term debt		**2,063,504**	**99,143**	**6,459**	**99,143**
Debt		**7,430,542**	**99,143**	**5,373,497**	**99,143**
Liabilities and equity		**17,293,255**	**4,518,971**	**12,173,570**	**4,518,971**
Contingent assets, liabilities and other financial obligations	16				
Accounting Policies	17				

Statement of changes in equity

Group

	Share capital	Share premium account	Retained earnings	Equity excl. minority interests	Minority interests	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Equity at 1 January	10,085	0	4,409,743	4,419,828	0	4,419,828
Net effect from merger and acquisition under the uniting of interests method	0	0	2,856,071	2,856,071	0	2,856,071
Adjusted equity at 1 January	10,085	0	7,265,814	7,275,899	0	7,275,899
Exchange adjustments	0	0	-9,725	-9,725	0	-9,725
Cash capital increase	3,333	2,902,289	0	2,905,622	0	2,905,622
Other equity movements	0	0	-2,849,862	-2,849,862	2,849,862	0
Net profit/loss for the year	0	0	-1,305,126	-1,305,126	-68,455	-1,373,581
Transfer from share premium account	0	-2,902,289	2,902,289	0	0	0
Equity at 31 December	**13,418**	**0**	**6,003,390**	**6,016,808**	**2,781,407**	**8,798,215**

Parent company

	Share capital	Share premium account	Retained earnings	Total
	EUR	EUR	EUR	EUR
Equity at 1 January	10,085	0	4,409,743	4,419,828
Exchange adjustments	0	0	-9,725	-9,725
Cash capital increase	3,333	2,902,289	0	2,905,622
Net profit/loss for the year	0	0	-515,652	-515,652
Transfer from share premium account	0	-2,902,289	2,902,289	0
Equity at 31 December	**13,418**	**0**	**6,786,655**	**6,800,073**

Cash flow statement 1 January - 31 December

		Group	
	Note	2023	2022
		EUR	EUR
Result of the year		-1,373,581	-7,257
Adjustments	14	1,529,120	276
Change in working capital	15	-2,585,329	-12,808
Cash flow from operations before financial items		**-2,429,790**	**-19,789**
Financial income		195,220	0
Financial expenses		-923,607	-276
Cash flows from ordinary activities		**-3,158,177**	**-20,065**
Corporation tax paid		-146,193	0
Cash flows from operating activities		**-3,304,370**	**-20,065**
Purchase of intangible assets		-3,086,920	0
Purchase of property, plant and equipment		-27,690	0
Fixed asset investments made etc		-916,100	0
Cash flows from investing activities		**-4,030,710**	**0**
Raising of loans from credit institutions		5,368,151	0
Cash capital increase		2,905,622	0
Cash flows from financing activities		**8,273,773**	**0**
Change in cash and cash equivalents		**938,693**	**-20,065**
Cash and cash equivalents at 1 January		32,212	52,277
Cash and cash equivalents at 31 December		**970,905**	**32,212**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		970,905	32,212
Cash and cash equivalents at 31 December		**970,905**	**32,212**

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	EUR	EUR	EUR	EUR
1. Staff Expenses				
Wages and salaries	8,308,919	0	0	0
Pensions	843,144	0	0	0
Other social security expenses	161,789	0	0	0
Other staff expenses	17,111	0	0	0
	9,330,963	**0**	**0**	**0**
Including remuneration to the Executive Board and Board of Directors	**327,943**	**0**	**0**	**0**
Average number of employees	**86**	**0**	**0**	**0**

	Group		Parent company	
	2023	2022	2023	2022
	EUR	EUR	EUR	EUR
2. Income tax expense				
Current tax for the year	1,438	0	0	0
Deferred tax for the year	-101,087	0	0	0
	-99,649	**0**	**0**	**0**

	Group		Parent company	
	2023	2022	2023	2022
	EUR	EUR	EUR	EUR
3. Profit allocation				
Minority interests' share of net profit/loss of subsidiaries	-68,455	0	0	0
Retained earnings	-1,305,126	-7,257	-515,652	-7,257
	-1,373,581	**-7,257**	**-515,652**	**-7,257**

Notes to the Financial Statements

4. Intangible fixed assets

Group

	Completed development projects	Acquired licenses	Acquired trademarks	Acquired other similar rights	Goodwill	Development projects in progress
	EUR	EUR	EUR	EUR	EUR	EUR
Cost at 1 January	0	139,766	0	0	430,527	0
Additions for the year	85,101	1,775,547	586,500	2,932,500	3,466,335	2,084,514
Disposals for the year	0	-6,340	0	0	0	0
Cost at 31 December	85,101	1,908,973	586,500	2,932,500	3,896,862	2,084,514
Impairment losses and amortisation at 1 January	0	55,203	0	0	83,715	0
Amortisation for the year	13,023	220,627	117,300	146,625	376,643	0
Reversal of impairment and amortisation of sold assets	0	-2,994	0	0	0	0
Impairment losses and amortisation at 31 December	13,023	272,836	117,300	146,625	460,358	0
Carrying amount at 31 December	**72,078**	**1,636,137**	**469,200**	**2,785,875**	**3,436,504**	**2,084,514**
Amortised over	3 years	3-10 years	5 years	20 years	10-15 years	

Development projects in SECOMEA relate to new functions and features, all directly connected to the existing SECOMEA Group. All projects are internally developed, only with limited external costs. All development projects relates to new functions and features linked to the existing platforms. Each project will contribute to the future platform and catalogue of solutions provided to customers.

The business model of SECOMEA Group is based on continued need to focus on developing good customer experience and innovative solutions.

Notes to the Financial Statements

5. Property, plant and equipment
Group

	Other fixtures and fittings, tools and equipment	Leasehold improve-ments
	EUR	EUR
Cost at 1 January	158,708	125,756
Disposals for the year	-71,530	-5,387
Cost at 31 December	87,178	120,369
Impairment losses and depreciation at 1 January	125,714	98,595
Depreciation for the year	15,419	15,955
Reversal of impairment and depreciation of sold assets	-71,008	-4,818
Impairment losses and depreciation at 31 December	70,125	109,732
Carrying amount at 31 December	**17,053**	**10,637**
Amortised over	3 years	3 years

6. Investments in subsidiaries

	Parent company	
	2023	2022
	EUR	EUR
Cost at 1 January	0	0
Additions for the year	7,249,577	0
Transfers for the year	4,480,036	0
Cost at 31 December	11,729,613	0
Carrying amount at 31 December	**11,729,613**	**0**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Owner-ship	Equity	Net profit/loss for the year
SECOMEA A/S	Herlev	85,501	59.34%	6,833,923	-168,195
				6,833,923	**-168,195**

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	EUR	EUR	EUR	EUR
7. Investments in associates				
Cost at 1 January	4,480,036	4,480,036	4,480,036	4,480,036
Transfers for the year	-4,480,036	0	-4,480,036	0
Cost at 31 December	0	4,480,036	0	4,480,036
Carrying amount at 31 December	**0**	**4,480,036**	**0**	**4,480,036**

8. Other fixed asset investments

Group

	Other receivables
	EUR
Cost at 1 January	106,999
Additions for the year	809,101
Cost at 31 December	916,100
Carrying amount at 31 December	**916,100**

	Group		Parent company	
	2023	2022	2023	2022
	EUR	EUR	EUR	EUR
9. Inventories				
Raw materials and consumables	2,160,301	0	0	0
Finished goods and goods for resale	119,545	0	0	0
	2,279,846	**0**	**0**	**0**

10. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

11. Provision for deferred tax

	Group		Parent company	
	2023	2022	2023	2022
	EUR	EUR	EUR	EUR
Amount recognised regarding business acquisition	972,826	0	0	0
Amounts recognised in the income statement for the year	-101,087	0	0	0
Deferred tax liabilities at 31 December	**871,739**	**0**	**0**	**0**
Recognised in the balance sheet as follows:				
Assets	192,759	0	0	0
Provisions	-1,064,498	0	0	0
	871,739	**0**	**0**	**0**

12. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent company	
	2023	2022	2023	2022
	EUR	EUR	EUR	EUR
Credit institutions				
After 5 years	0	0	0	0
Between 1 and 5 years	5,367,038	0	5,367,038	0
Long-term part	5,367,038	0	5,367,038	0
Other short-term debt to credit institutions	1,113	0	0	0
	5,368,151	**0**	**5,367,038**	**0**

13. Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

14. Cash flow statement - Adjustments

	Group	
	2023	2022
	EUR	EUR
Financial income	-195,220	0
Financial expenses	923,607	276
Depreciation, amortisation and impairment losses, including losses and gains on sales	910,107	0
Tax on profit/loss for the year	-99,649	0
Other adjustments	-9,725	0
	1,529,120	**276**

15. Cash flow statement - Change in working capital

	Group	
	2023	2022
	EUR	EUR
Change in inventories	-2,279,846	0
Change in receivables	-2,268,731	0
Change in trade payables, etc	1,963,248	-12,808
	-2,585,329	**-12,808**

16. Contingent assets, liabilities and other financial obligations

	Group		Parent company	
	2023	2022	2023	2022
	EUR	EUR	EUR	EUR
Rental and lease obligations				
Lease obligations	5,920	0	0	0
Rental obligations	90,157	0	0	0

	Group		Parent company	
	2023	2022	2023	2022
	EUR	EUR	EUR	EUR

16. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to DKK 0. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Group's liability.

17. Accounting policies

The Annual Report of GRO Holding XII ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2023 are presented in EUR.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, GRO Holding XII ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquistition of subsidiaries.

Business acquisitions carried through before 1 July 2018

Minority interests are recognised at the carrying amounts of the acquired assets and liabilities at the time of acquisition of subsidiaries.

Business acquisitions carried through on or after 1 July 2018

Minority interests are initially measured at their proportionate share of the fair value of the acquired entity's identifiable net assets. In this way, only goodwill related to the Parent Company's share of the entity acquired is recognised.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

EUR is used as the presentation currency. All other currencies are regarded as foreign currencies. If currency positions are considered to hedge future cash flows, value adjustments are recognized directly in equity.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve the consolidated revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation and impairment of intangible assets.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries and associates

Dividends from subsidiaries and associates are recognised as income in the income statement when adopted at the General Meeting of the companies. However, dividends relating to earnings in the companies before they were acquired by the Parent Company are set off against the cost of the companies.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Notes to the Financial Statements

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with wholy owned danish subsidaries. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 10-15 years, determined on the basis of Management's experience with the individual business areas.

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3 year.

Other intangible fixed assets

Acquired licenses, acquired trademarks and other similar rights are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Acquired licenses, acquired trademarks and other similar rights are amortised over the determined period, which is 3-10 years, 5 years and 20 years, respectively.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3 years
Leasehold improvements	3 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

Notes to the Financial Statements

Financial Highlights

Explanation of financial ratios

Return on assets	Profit/loss of ordinary primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity