



Altano Denmark A/S

Rugårdsvej 696 696
5462 Morud
CVR No. 42263095

Annual report 2023

The Annual General Meeting adopted the annual report on 21.03.2024

Pernille Vestergaard Roslev
Chairman of the General Meeting

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Entity details

Entity

Altano Denmark A/S
Rugårdsvej 696 696
5462 Morud

Business Registration No.: 42263095
Registered office: Morud
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Victor Baltus
Sonja Rachor
Pernille Vestergaard Roslev

Executive Board

Pernille Vestergaard Roslev

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Tværkajen 5
P. O. Box 10
5100 Odense

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Altano Denmark A/S for the financial year 01.01.2023 - 31.12.2023.

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

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

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

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

Morud, 21.03.2024

Executive Board

Pernille Vestergaard Roslev

Board of Directors

Victor Baltus

Sonja Rachor

Pernille Vestergaard Roslev

Independent auditor's report

To the shareholders of Altano Denmark A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Altano Denmark A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for 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.

Odense, 21.03.2024

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Michael Bach

State Authorised Public Accountant
Identification No (MNE) mne19691

Abdul Wahab Ashraf

State Authorised Public Accountant
Identification No (MNE) mne46664

Management commentary

Financial highlights

	2023 DKK'000	2022 DKK'000	2021 DKK'000
Key figures			
Gross profit/loss	82,232	73,420	10,775
Operating profit/loss	(8,857)	(4,917)	(5,767)
Net financials	(459)	(211)	(101)
Profit/loss for the year	(10,790)	(6,523)	16,102
Balance sheet total	229,805	243,803	134,176
Investments in property, plant and equipment	5,168	7,399	8,761
Equity	182,001	192,791	102,573
Cash flows from operating activities	(4,913)	15,284	(446)
Cash flows from investing activities	(5,055)	(100,565)	(77,373)
Cash flows from financing activities	14,328	97,974	89,568
Ratios			
Return on equity (%)	(5.76)	(4.32)	31.40
Equity ratio (%)	79.20	79.08	76.45

The group expanded in 2022 by purchasing 4 companies. Therefore the financial highlights for 2021 are not comparable to the other years.

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

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$

Primary activities

The purpose of the company is to function as a holding company as well as to conduct investment business, including owning investments in equine clinics and equestrian practices, and related activities at the discretion of management.

Development in activities and finances

The result for the year shows a loss of DKK 10.790 compared to a loss last year DKK 6.523k. During 2023 there has been no additional acquisitions of clinics but rather management and development.

Profit/loss for the year in relation to expected developments

The result for the year shows a loss of DKK 10.790 compared to a loss last year DKK 6.523k. The result for the company was in line with expectations.

Outlook

The company is expecting a growth in revenue for 2024, approx. 10% compared to 2023. Due to the current financial situation, there are uncertainties related to the expectations for 2024. The management are expecting a small growth in the number of clinics in 2024. The financial result of the company is expected to be in line with the 2023 result.

Use of financial instruments

Operational and market risks:

The company can potentially be affected by developments in society in terms of consumer spending, the impact of inflation, etc.

Currency risks:

The company has limited trade with foreign countries which means that profit and cash flows can potentially be affected by changes in exchange rates. The company's transactions are mainly in DKK, but also to a lesser extent in EUR. No speculative currency transactions are entered into.

Events after the balance sheet date

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

Consolidated income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		82,231,826	73,420,410
Staff costs	2	(66,485,591)	(58,555,405)
Depreciation, amortisation and impairment losses		(24,603,722)	(19,781,642)
Operating profit/loss		(8,857,487)	(4,916,637)
Other financial income		545,911	200,284
Other financial expenses	3	(1,004,927)	(411,431)
Profit/loss before tax		(9,316,503)	(5,127,784)
Tax on profit/loss for the year	4	(1,473,629)	(1,395,561)
Profit/loss for the year	5	(10,790,132)	(6,523,345)

Consolidated balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Goodwill		166,235,794	187,053,034
Intangible assets	6	166,235,794	187,053,034
Other fixtures and fittings, tools and equipment		10,936,562	9,250,600
Leasehold improvements		2,722,350	3,038,149
Property, plant and equipment	7	13,658,912	12,288,749
Deposits		682,056	722,446
Financial assets	8	682,056	722,446
Fixed assets		180,576,762	200,064,229
Raw materials and consumables		6,034,220	5,198,278
Inventories		6,034,220	5,198,278
Trade receivables		13,573,459	11,627,970
Other receivables		546,194	2,333,433
Prepayments	9	272,051	137,077
Receivables		14,391,704	14,098,480
Cash		28,802,609	24,442,153
Current assets		49,228,533	43,738,911
Assets		229,805,295	243,803,140

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		401,000	401,000
Retained earnings		181,599,941	192,390,073
Equity		182,000,941	192,791,073
Deferred tax	10	1,659,876	822,207
Other provisions	11	0	4,468,389
Provisions		1,659,876	5,290,596
Bank loans		0	350,000
Other payables		8,127,247	3,939,543
Non-current liabilities other than provisions	12	8,127,247	4,289,543
Current portion of non-current liabilities other than provisions	12	0	200,000
Bank loans		2,179	0
Trade payables		6,151,925	3,977,332
Payables to group enterprises		20,074,358	4,530,171
Payables to owners and management		0	9,727
Tax payable		1,024,361	1,717,233
Other payables		10,764,408	30,997,465
Current liabilities other than provisions		38,017,231	41,431,928
Liabilities other than provisions		46,144,478	45,721,471
Equity and liabilities		229,805,295	243,803,140
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Assets charged and collateral	16		
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Consolidated statement of changes in equity for 2023

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	401,000	192,390,073	192,791,073
Profit/loss for the year	0	(10,790,132)	(10,790,132)
Equity end of year	401,000	181,599,941	182,000,941

Consolidated cash flow statement for 2023

	Notes	2023 DKK	2022 DKK
Operating profit/loss		(8,857,487)	(4,916,637)
Amortisation, depreciation and impairment losses		24,603,722	19,781,642
Working capital changes	13	(18,482,780)	2,858,453
Cash flow from ordinary operating activities		(2,736,545)	17,723,458
Financial income received		545,911	200,284
Financial expenses paid		(1,004,927)	(411,433)
Taxes refunded/(paid)		(1,717,233)	(2,228,728)
Cash flows from operating activities		(4,912,794)	15,283,581
Acquisition etc. of property, plant and equipment		(5,167,843)	(3,824,129)
Sale of property, plant and equipment		72,750	0
Acquisition of enterprises		0	(96,741,156)
Deposits settled		40,390	0
Cash flows from investing activities		(5,054,703)	(100,565,285)
Free cash flows generated from operations and investments before financing		(9,967,497)	(85,281,704)
Loans raised		2,179	0
Repayments of loans etc.		(550,000)	(200,000)
Incurrence of debt to group enterprises		14,875,774	1,433,213
Group contribution		0	96,741,156
Cash flows from financing activities		14,327,953	97,974,369
Increase/decrease in cash and cash equivalents		4,360,456	12,692,665
Cash and cash equivalents beginning of year		24,442,153	11,749,488
Cash and cash equivalents end of year		28,802,609	24,442,153
Cash and cash equivalents at year-end are composed of:			
Cash		28,802,609	24,442,153
Cash and cash equivalents end of year		28,802,609	24,442,153

Notes to consolidated financial statements

1 Events after the balance sheet date

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

2 Staff costs

	2023	2022
	DKK	DKK
Wages and salaries	56,599,326	51,539,108
Pension costs	5,924,864	5,006,042
Other social security costs	2,643,697	1,877,443
Other staff costs	1,317,704	132,812
	66,485,591	58,555,405
Average number of full-time employees	120	115

The Executive Officers and Board of Directors has not received any remuneration.

3 Other financial expenses

	2023	2022
	DKK	DKK
Financial expenses from group enterprises	967,352	207,918
Other interest expenses	27,997	203,292
Exchange rate adjustments	1,479	221
Other financial expenses	8,099	0
	1,004,927	411,431

4 Tax on profit/loss for the year

	2023	2022
	DKK	DKK
Current tax	1,024,361	1,336,889
Change in deferred tax	479,003	81,473
Adjustment concerning previous years	(29,735)	(22,801)
	1,473,629	1,395,561

5 Proposed distribution of profit/loss

	2023	2022
	DKK	DKK
Retained earnings	(10,790,132)	(6,523,345)
	(10,790,132)	(6,523,345)

6 Intangible assets

	Goodwill
	DKK
Cost beginning of year	206,698,211
Cost end of year	206,698,211
Amortisation and impairment losses beginning of year	(19,645,177)
Amortisation for the year	(20,817,240)
Amortisation and impairment losses end of year	(40,462,417)
Carrying amount end of year	166,235,794

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost beginning of year	12,470,699	3,373,801
Additions	5,126,343	41,500
Disposals	(3,884,194)	0
Cost end of year	13,712,848	3,415,301
Depreciation and impairment losses beginning of year	(3,220,099)	(335,652)
Depreciation for the year	(3,424,600)	(357,299)
Reversal regarding disposals	3,868,413	0
Depreciation and impairment losses end of year	(2,776,286)	(692,951)
Carrying amount end of year	10,936,562	2,722,350

8 Financial assets

	Deposits
	DKK
Cost beginning of year	722,446
Additions	710
Disposals	(41,100)
Cost end of year	682,056
Carrying amount end of year	682,056

9 Prepayments

Prepayments are made up of prepaid costs relating to rent, insurance premiums, subscriptions, interest and other prepaid expenses.

10 Deferred tax

	2023 DKK	2022 DKK
Intangible assets	1,534,768	1,021,645
Property, plant and equipment	384,093	322,319
Receivables	(258,985)	(163,091)
Tax losses carried forward	0	(358,666)
Deferred tax	1,659,876	822,207

Changes during the year	2023 DKK	2022 DKK
Beginning of year	822,207	740,734
Recognised in the income statement	479,003	81,473
Tax losses used in the joint taxation previous year	358,666	0
End of year	1,659,876	822,207

11 Other provisions

Other provision have been recognized for DKK 0 (2022: DKK 4,468k) related to contingent earn-outs. The acquisition agreement states that a contingent earn-out is to be paid to the former owner based on the fulfilment of certain terms and conditions, such as profitability targets.

12 Non-current liabilities other than provisions

	Due within 12 months 2022 DKK	Due after more than 12 months 2023 DKK	Outstanding after 5 years 2023 DKK
Bank loans	200,000	0	0
Other payables	0	8,127,247	225,491
	200,000	8,127,247	225,491

13 Changes in working capital

	2023 DKK	2022 DKK
Increase/decrease in inventories	(835,942)	(2,800,674)
Increase/decrease in receivables	(293,224)	(4,050,559)
Increase/decrease in trade payables etc.	(17,353,614)	9,709,686
	(18,482,780)	2,858,453

14 Unrecognised rental and lease commitments

Liabilities under rental or lease agreements until maturity in total DKK 24.000k (2022: DKK 21.802k)

15 Contingent liabilities

After the balance sheet date, a Group entity received a claim for payment of a significant amount regarding an examination of a horse. The case is in its initial phase and is handled by the insurance company, according to the company's normal procedure. As it is early in the investigation, the potential financial impact is not known but it's the managements statement that it is not expected to have any financial impact

The Parent and the Danish subsidiaries participate in a Danish joint taxation arrangement in which Altano Denmark A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent and the Danish subsidiaries are 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 the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

16 Assets charged and collateral

A company pledge of DKK 500,000 has been provided as security for the balance with the bank for one of the companies in the group.

The pledge includes the following assets at accounting value on the balance sheet date:

Property, plant and equipment:	t.kr.	1.851
Inventories:	t.kr.	1,116
Trade receivables:	t.kr.	1,251

17 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

18 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Altano International GmbH

The consolidated financial statements of Altano International GmbH may be ordered at this address:
Altano Intern
Weddern 16c
48249 Dülmen
Germany

19 Subsidiaries

	Registered in	Ownership %
Højgård Hestehospital Group A/S	Morud	100.00
DYRLÆGERNE NØRHALD ApS	Gjerlev	100.00
IKEYVET ApS	Fredensborg	100.00
Hestetandklinikken ApS	Veksø Sjælland	100.00
Hestetandklinikken Syd ApS	Veksø Sjælland	100.00

Parent income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		1,227,661	423,096
Staff costs	2	(1,301,611)	(1,221,278)
Operating profit/loss		(73,950)	(798,182)
Income from investments in group enterprises		(9,798,484)	(5,232,855)
Other financial income	3	756	17,091
Other financial expenses	4	(969,493)	(226,333)
Profit/loss before tax		(10,841,171)	(6,240,279)
Tax on profit/loss for the year	5	51,039	(283,071)
Profit/loss for the year	6	(10,790,132)	(6,523,350)

Parent balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Investments in group enterprises		206,939,079	221,437,563
Deposits		18,680	17,970
Financial assets	7	206,957,759	221,455,533
Fixed assets		206,957,759	221,455,533
Receivables from group enterprises		623,406	0
Other receivables		0	6,563
Tax receivable		73,171	0
Prepayments	8	0	11,205
Receivables		696,577	17,768
Cash		6,420,502	2,766,542
Current assets		7,117,079	2,784,310
Assets		214,074,838	224,239,843

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		401,000	401,000
Reserve for net revaluation according to equity method		251,220	19,982,559
Retained earnings		181,348,721	172,407,514
Equity		182,000,941	192,791,073
Other provisions	9	0	4,468,389
Provisions		0	4,468,389
Other payables		7,901,756	3,714,306
Non-current liabilities other than provisions	10	7,901,756	3,714,306
Bank loans		2,179	0
Trade payables		611,270	263,014
Payables to group enterprises		23,419,987	6,736,546
Tax payable		0	283,071
Other payables		138,705	15,983,444
Current liabilities other than provisions		24,172,141	23,266,075
Liabilities other than provisions		32,073,897	26,980,381
Equity and liabilities		214,074,838	224,239,843
Events after the balance sheet date	1		
Contingent liabilities	11		
Related parties with controlling interest	12		
Transactions with related parties	13		

Parent statement of changes in equity for 2023

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	401,000	19,982,559	172,407,514	192,791,073
Profit/loss for the year	0	(19,731,339)	8,941,207	(10,790,132)
Equity end of year	401,000	251,220	181,348,721	182,000,941

Notes to parent financial statements

1 Events after the balance sheet date

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

2 Staff costs

	2023	2022
	DKK	DKK
Wages and salaries	1,164,840	1,021,716
Pension costs	111,721	127,245
Other social security costs	11,331	4,846
Other staff costs	13,719	67,471
	1,301,611	1,221,278
Average number of full-time employees	1	2

The Executive Officers and Board of Directors has not received any remuneration.

3 Other financial income

	2023	2022
	DKK	DKK
Financial income from group enterprises	0	17,091
Interest income from tax paid on account	756	0
	756	17,091

4 Other financial expenses

	2023	2022
	DKK	DKK
Financial expenses from group enterprises	967,352	220,816
Other interest expenses	789	5,517
Exchange rate adjustments	1,352	0
	969,493	226,333

5 Tax on profit/loss for the year

	2023	2022
	DKK	DKK
Current tax	0	283,071
Adjustment concerning previous years	22,132	0
Refund in joint taxation arrangement	(73,171)	0
	(51,039)	283,071

6 Proposed distribution of profit and loss

	2023	2022
	DKK	DKK
Retained earnings	(10,790,132)	(6,523,350)
	(10,790,132)	(6,523,350)

7 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	206,687,859	17,970
Additions	0	710
Cost end of year	206,687,859	18,680
Revaluations beginning of year	14,749,704	0
Amortisation of goodwill	(15,375,024)	0
Share of profit/loss for the year	5,576,540	0
Dividend	(4,700,000)	0
Revaluations end of year	251,220	0
Carrying amount end of year	206,939,079	18,680
Goodwill or negative goodwill recognised during the financial year	124,179,417	

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

8 Prepayments

Prepayments are made up of prepaid costs relating to rent, insurance premiums, subscriptions, interest and other prepaid expenses.

9 Other provisions

Other provision have been recognized for DKK 0 (2022: DKK 4,468k) related to contingent earn-outs. The acquisition agreement states that a contingent earn-out is to be paid to the former owner based on the fulfilment of certain terms and conditions, such as profitability targets.

10 Non-current liabilities other than provisions

	Due after more than 12 months 2023 DKK
Other payables	7,901,756
	7,901,756

11 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.

12 Related parties with controlling interest

Altano International GmbH
Weddern 16c
48249 Dülmen
Germany

13 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

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.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised in intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories, costs of raw materials and consumables and external expenses.

Revenue

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

Other operating income

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

Cost of sales

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

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.

Income from investments in group enterprises

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

Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

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

Tax on profit/loss for the year

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

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 one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years.

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

Property, plant and equipment

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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	5-10 years
Leasehold improvements	5 years

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

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

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

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

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area.

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.

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 cash in hand and bank deposits.

Deferred tax

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

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

Other provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of an event that occurred no later than the balance sheet date, and it is probable that financial benefits will have to be provided to settle the obligation.

Operating leases

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

Other financial liabilities

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

Cash flow statement

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

Cash flows from operating activities are presented using the indirect method and calculated as the operating

profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

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

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

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