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Ax VI Inv6 Holding III ApS

Gladsaxevej 376, 1. tv
2860 Søborg
CVR No. 42895652

Annual report 2023

The Annual General Meeting adopted the annual report on 28.06.2024

Ingeborg Nordviken Kristiansen
Chairman of the General Meeting

Contents

Entity details

Entity

Ax VI Inv6 Holding III ApS
Gladsaxevej 376, 1. tv
2860 Søborg

Business Registration No.: 42895652
Registered office: Gladsaxe
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Christoffer Arthur Müller, Chairman
Christian Gymos Schmidt-Jacobsen

Executive Board

Jesper Frydensberg Rasmussen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Ax VI Inv6 Holding III ApS for the financial year 01.01.2023 - 31.12.2023.

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

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

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

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

Soeborg, 28.06.2024

Executive Board

Jesper Frydensberg Rasmussen

Board of Directors

Christoffer Arthur Müller
Chairman

Christian Gymos Schmidt-Jacobsen

Independent auditor's report

To the shareholders of Ax VI Inv6 Holding III ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Ax VI Inv6 Holding III ApS for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

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.

Copenhagen, 28.06.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bill Haudal Pedersen
State Authorised Public Accountant
Identification No (MNE) mne30131

Hans Tauby
State Authorised Public Accountant
Identification No (MNE) mne44339

Management commentary

Financial highlights

	2023 DKK'000	2021/22 DKK'000
Key figures		
Revenue	653,148	319,515
Gross profit/loss	406,183	182,674
EBITDA	69,936	29,767
Operating profit/loss	(3,388)	(8,080)
Net financials	(58,215)	(5,933)
Profit/loss for the year	(73,574)	(25,712)
Profit for the year excl. minority interests	(43,569)	(16,899)
Balance sheet total	1,043,213	772,366
Investments in property, plant and equipment	17,099	19,735
Equity	328,631	333,338
Equity excl. minority interests	195,328	220,441
Cash flows from operating activities	(41,421)	18,487
Cash flows from investing activities	(205,547)	(249,553)
Cash flows from financing activities	252,626	295,953
Average number of employees	546	297
Ratios		
Gross margin (%)	62.19	57.17
Net margin (%)	(11.26)	(8.05)
Equity ratio (%)	18.72	28.54

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

Gross margin (%):

$$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$$

Net margin (%):

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

Equity ratio (%):

$$\frac{\text{Equity excl. minority interests * 100}}{\text{Balance sheet total}}$$

Primary activities

Init Group was founded in January 2022. The purpose was to establish a pan-Nordic group within industrial IT and automation through organic growth and acquisitions . The group has made several acquisitions during 2023 and by the end of the year comprised 14 companies with activity across Denmark, Sweden, Norway, Serbia, Spain and North Macedonia.

Init's almost 650 employees work together to deliver industrial IT and automation services to customers across nine different business areas:

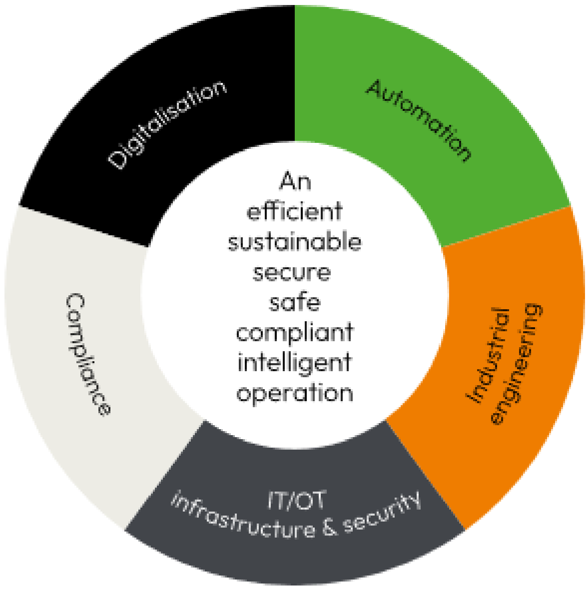
- Aqua & Agriculture
- Building
- Energy
- Food & Beverage
- Infrastructure
- Life Science
- Manufacturing
- Marine & Offshore
- Utility

Our goal is to help our customers overcome increasing complexity through tailored, intelligent automation solutions that improve operations today for greater impact tomorrow.

Business model

We are committed to providing high quality services and innovative solutions to our customers, while striving to minimise our environmental footprint and being a responsible employer and corporate citizen.

We believe that the best way to do this is by uniting companies within industrial IT and Automation, companies that put people first and prioritise sustainability for the greater good of our employees, our customers and society.

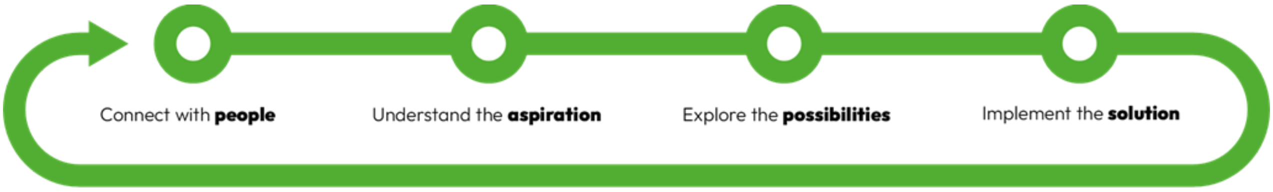


Our Way is people first

Our Way is a set of value-based principles that guide the way we interact with each other and with our customers, and thus forms the very foundation of our business.

Our Way creates a connection between the way we behave as individuals, and the solutions we deliver.

Our Way is rooted in a 'people first' philosophy which recognises that, even in a technological industry, the relationships we create and nurture with one another lay at the heart of everything we do.



Corporate governance structure

Init Group's corporate governance model is a two-tier system whereby the Board of Directors and Executive Management have two different roles laid down in the Rules of Procedure for the Board of Directors and Executive Management. Executive Management undertakes the operational management of Init, whereas the Board of Directors determines the overall company strategy and acts as a sounding board to Executive Management.

Management is on an ongoing basis monitoring the financial development as well as developments in the field of corporate governance to ensure that the Group – internally as well as externally – is managed in a manner that is in accordance with applicable laws, to protect the interests of all stakeholders.

Risk management is considered an essential and natural part of the realisation of Init's objectives and strategy. The daily activities, the implementation of the established strategy and the continuous use of business opportunities involve inherent risks, and our handling of these risks is therefore seen as a natural and integrated part of the daily work and a way to ensure stable and reliable growth.

Danish Venture and Private Equity Association guidelines

AX VI INV6 Holding III ApS (Holding III) is owned 100% by the private equity fund Axcel.
Holding III's equity consist of one class of shares.

The current capital structure is deemed appropriate in relation to the need for financial flexibility in AX VI INV6 Holding III ApS and its subsidiaries.

Being owned by the Danish private equity firm Axcel, Holding III is subject to the guidelines of the Active Owners Denmark (www.aktiveejere.dk) for responsible ownership and corporate governance. Holding III intends to comply with all relevant guidelines, except that the company based on its size, has not established an audit committee. These tasks are handled by the Board and chairmanship.

Statetory report on corporate governance
The organisation of the Management is, among other things, based on the Danish Companies Act, the Danish Financial Statements Act and the company’s article of association.

Holding III has based its corporate governance efforts on a two-tier system where the Board of Directors and the Executive Management have two distinct roles.

The Executive Management undertakes the operational management of Holding III, whereas the Board of Directors determines the overall company strategy and acts as a sounding board to the Executive Management of the Company.

In addition, the Management is continuously monitoring the financial development as well as developments in the field of corporate governance to ensure that Holding III – internally as well as externally – is managed in a way that is in accordance with applicable laws, to protect these interests of all stakeholders.

The Board of Directors annually reviews and approves the written procedures for the management. This includes various policies and processes that the board has instructed management to carry out to ensure that management performs the work required to meet the company's strategic goals and ensure value creation in the long term.

Risk management
Risk management is considered an essential and natural part of the realisation of Holding III’s objectives and strategy. The daily activities, the implementation of the established strategy and the continuous use of business opportunities involve inherent risks. Accordingly, Holding III’s handling of these risks is therefore seen as a natural and integrated part of the daily work and a way to ensure stable and reliable growth.

Board of Directors
The Board of Directors is appointed by Axcel. The Board of Directors consists of three members. Board meetings are held a minimum of one time a year.

Overview of other board positions of the members of Holding III’s Board of Directors is on next page:

Name	Christoffer Arthur Müller	Jesper Frydensberg Rasmussen	Christian Schmidt-Jacobsen
Position	Chairman	Executive Officer	Board member
Recommended by	Axcel	Axcel	Axcel
Chairman of the Board of Directors in:	AX VII INV1 Holding II ApS		Axcel Management Holding ApS AX VI Edda Group Isadora Holding III AB Axcel GP Fonden Holding III ApS Ax DEL Oy AX VI INV8 Holding III A/S
Vice Chairman of the Board of Directors in:	Init Denmark A/S Mountain Top Holding III ApS		Edda Group ApS
Board Member in:	AX VI INV7 Holding III ApS BRØDR. MÜLLER HOLDING A/SAX VII INV1 Holding I ApS AX VII INV2 Holding III AB emagine Holding III ApS MÜLLER GAS EQUIPMENT A/S	AX V GUBI Holding III ApS AX VI Edda Group Holding III ApS Loopia Holding III AB AX VI INV2 Holding III AB SuperOffice Holding III AS AX VII INV1 Holding III AB	Axcelfuture Axcel Management AB Ax DEL2 Oy emagine Holding III ApS Ax VI INV6 Holding III ApS AX VI INV5 Holding III ApS AX IV HoldCo P/S AX VII INV1 Holding II ApS

CSR, ESG and diversity

AX VI INV6 Holding III ApS follows the policies for ESG, CSR and diversity for Init Group A/S in which AX VI INV6 Holding III ApS is a major shareholder.

For details, we refer to Init Group A/S annual report: https://regnskaber.cvrapi.dk/63169824/amNsb3VkczovLzAzLzkyLzg2L2I0LzJlLzUwYzEtNDdmZC1hYWVhLTgxNzk0YjU3NGY0ZQ.pdf

It is the responsibility of the Board of Directors of Holding III to ensure that the Company's Executive Management adheres to the guidelines and procedures described in Init Group Aps's policies for ESG, CSR and diversity.

Development in activities and finances

Letter from the CEO

2023 was our first full year and in many ways, it has been a milestone year for our group. We have achieved an impressive financial result and built a strong organisation, and that makes us well positioned to continue towards our mission of becoming a Nordic champion within industrial IT, automation, and intelligent solutions. The path may not always be straight, but considering our joint accomplishments in 2023, I am confident that we are moving in the right direction.

Exceeding financial goals

When we established Init in 2022, we set a goal of achieving an annual revenue of +800 mDKK by 2027. I am proud to see that we are well on our way to achieving that goal, ending 2023 with a revenue of mDKK 653 (pro forma revenue of mDKK 764.3).

Welcoming new members to the Init family

In 2023, we continued our rapid acquisition strategy, expanding the Init Group with seven new companies to a total of 14 companies. The seven new companies, like the existing Init companies, are united by their strong competences within industrial automation and IT as well as their way of working. With the addition of these companies, we came out of 2023 with close to 650 Init colleagues, exceeding our 2027 expectation of 600.

Becoming fully Init

For me personally, the highlight of the year came at the very end of it. On 1 December 2023, we launched the official Init brand and eight members of the Danish organisation became “fully Init”. In practice, it means that the eight companies were merged under the Init brand, leaving behind their former company names to officially become Init.

Build one Init together in 2023

Merging the first batch of companies together under one brand is the first step of the way to build one Init. I am excited to continue our journey together and push forward on our mission to build a Nordic champion within industrial IT, automation, and intelligent solutions.

Lastly, I would like to express my gratitude to all colleagues across the group for their commitment and effort during the year. I would also like to thank our stakeholders for their continued support.

Financials

Init Group has realised a revenue of DKK 653 million in 2023 (pro forma revenue DKK 764.3 million).

As we have continued an accelerated growth strategy in 2023 and added seven new companies to the Group, the financial results for the period are influenced by these acquisitions. The direct transaction costs associated with these acquisitions amount to DKK 7,9 million. Moreover, the group has utilised internal resources to facilitate these acquisitions and integrate the respective entities.

The income statement presents the financial figures corresponding to the duration of ownership of the group components. The management considers the net profit for the year to be satisfactory.

The income statement for the period 01.01.23 - 31.12.23 shows a net loss of DKK 73.6 million. The balance sheet shows equity of DKK 328.6 million.

Profit/loss for the year in relation to expected developments

The outlook in 2021/22 was an EBITDA of DKK 90-100 million. The Group has realised an EBITDA of DKK 69.9 million (pro forma DKK 110.9 million). The gab from the outlook last year, is primarily due to new aquisitions not having a full year effect in 2023.

Uncertainty relating to recognition and measurement

There is uncertainty relating to the recognition and measurement of the Groups contract work in progress, as the recognition and measurement is based on an accounting estimate.

Outlook

The company anticipates an EBITDA in the range of DKK 77 - 87 million (pro forma EBITDA of 120 - 125 million) for the upcoming year, with an EBITDA margin expected to remain at the same level as in 2023. This projected increase is attributed to the inclusion of a full financial year for the existing group entities and a 10% overall revenue growth.

Preparing for scalability

Init Group was established in 2022 and has in its founding year and in 2023, adopted a rapid acquisition strategy in accordance with the Group's overall strategy. We do not expect to put a stop to acquisitions entirely, but going into 2024, we will slow down on acquisitions and instead focus on preparing for scalability. This means increased focus on:

- Establishing one, integrated company
- Develop professionalised, shared and scalable core process
- Build common IT tools and infrastructure
- Develop a shared operating model

Use of financial instruments

Foreign currency risks

The group is exposed to foreign currency risks primarily from EUR, USD, SEK and NOK due to purchase and sales transactions that are settled in currencies other than DKK. No hedging is done in respect of these currencies, as it is not considered optimal from a risk and cost point of view.

Interest rate risks

The group has a large proportion of variable-rate liabilities and is therefore exposed to interest rate risks. With SEB, the company has entered an interest rate collar, which means that interest on a significant part of the bank debt is fixed within a narrow band until Q1 2026.

See consolidated note 18 for further information.

Knowledge resources

Init Group was established with the ambition of becoming a Nordic champion within industrial IT and automation. To reach that ambition, it is essential for Init Group to attract, develop and retain skilled employees with a high level of relevant competences.

Throughout the year, a considerable number of experienced and highly qualified employees have been added to the Group. This has occurred through both acquisitions of new companies as well as through continuous organic growth. Accordingly, the Group's knowledge and competence base has been strengthened significantly during 2023.

The realisation of the Group's goal of ensuring quality, knowledge and know-how at each employee level will be facilitated through recruitment procedures and continuous development of the existing employees and their competences.

Statutory report on corporate social responsibility

It is Init's mission to help industries overcome increasing complexity through tailored, intelligent automation solutions, that optimise efficiency today for greater impact tomorrow. We want to be a frontrunner in helping our customers make their production more efficient and sustainable. We work with a wide range of sustainability offerings – e.g. optimising the use of resources and operating time, mitigating cyber risk and more.

We are committed to providing high quality and innovative projects to our customers while striving to minimise our environmental footprint and being a responsible employer and corporate citizen.

UN Global Compact

We have not identified any significant risks, related to anti-corruption or bribery.

We are signatories to the UN Global Compact and actively work to implement its ten principles as well as contribute to relevant UN Sustainable Development Goals.

During 2023, the Group has incorporated policies related to human rights, social and employees matters and anti -corruption into our Code of Conduct in accordance with § 99a and b of the Danish Financial Statements Act.

Likewise, Init Group prepared a sustainability policy which was approved by the Board of Directors in February 2023 and outlines our sustainability commitments and guidelines, including environment and climate. The Sustainability Policy is yet to be rolled out and anchored in the Group's business units.

As we have incorporated but not yet implemented our policies for human rights, anti-corruption, social and employees matters and environmental and climate, there are few measurable results in 2023 from the identified actions. Likewise, we have no financial key performance indicators that are relevant for specific business activities. It is the group's plan to work further in 2024 with the policies and relevant key performance indicators, to be able to report adequately at the consolidated financial statement for 2024.

Due to this, we do not use Key Performance Indicators in 2023.

Environtmental and climate

We have not identified any significant risks, related to environmental matters.

At Init we strive to reduce the climate and environmental footprint of our business . We recognise that it is inevitable for our business to have an impact on climate and environment, but we are committed to mitigate these impacts to reduce our footprint on the climate and environment.

One of our strategic focus areas is a commitment through our solutions, to help humans and technology work together to make industries more efficient and sustainable.

We are also committed to strive for reducing our footprint from our own operations.

CO2e baseline

In 2022, which was Init's founding year, we did not report nor calculate a CO2e baseline for the Group. For 2023, we have made an effort to establish a baseline for our CO2e emission level. We will use this baseline to ensure our continued focus on reducing our environmental footprint.

To establish the baseline, we have calculated and analysed a number of aspects of our business, including but not limited to:
- Upstream emissions from purchased goods and services
- Emissions from consumption of fuel and energy
- Waste generated in operations
- Business travel activity
- Employee commuting
- Downstream end-of-life treatment of sold products

Our calculations show a group scope 3 CO2e level of 12.541 tons. The total level of emission is derived based on an operational control consolidation approach using FTE and revenue as base for extrapolation to the Init Group.

Scope	tCO_2e/FTE	tCO_2/mil. Revenue	Total tCO_2e
Scope 1	0,1	0,1	79
Scope 2	0,3	0,2	178
Scope 3	19,4	15,8	12.287
Total	**19,8**	**16,1**	**12.541**

As we did not do similar calculations for the previous year, we do not have a basis for comparison. Accordingly, we cannot conclude if we have increased or decreased our CO2 emissions from last year. We do however now have a solid baseline for reporting on our environmental footprint going forward.

Social

We have not identified any significant risks, related to social matters.

We support and respect the internationally recognised human rights as formulated in the UN Human Rights Declaration and the internationally recognised labour rights as specified in the International Labour Organization (ILO) core conventions.

At Init, we treat each other with respect, and we are committed to supporting proper terms of employment and working conditions.

We aim to attract employees with passion for their work and we believe in the power of diversity, inclusion, and support of each other's development. We are committed to promote diversity in our organisation and it is an integrated part of our management strategy.

Governance
We have not identified any significant risks, related to human rights.

We seek to align our processes with the minimum requirements in the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises (OECD).

In practice, we conduct annual due diligence to identify how our organisation may cause, contribute to, or be linked to potential and actual adverse impacts on the UN Global Compact ten principles and the UN Sustainable Development Goals including the human rights stated in the International Bill of Human Rights and the core labour rights from the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.

We take action to prevent or mitigate actual or potential adverse impacts identified and track implementation. In instances where an adverse impact has occurred, we seek to provide access to remedy (for example apologies, restitution, rehabilitation, financial or non-financial compensation, etc.). In 2023, no incidents of human rights violations have been reported within the organisation.

As we develop and mature our efforts, we will set ambitious targets and communicate transparently about progress and challenges in our annual sustainability reporting. The responsibility for management of sustainability ultimately rests with the Group CEO. The CEO is responsible for allocating adequate resources to comply with the Sustainability Policy.

Our overall Sustainability Policy is supported by a number of more specific policies at local and Group level. With these policies, we aim to describe our global commitments and processes in order to help our employees and other stakeholders translate our Sustainability Policy into day-to-day behaviour.

<u>Business ethics policy</u>
At Init, we have a zero tolerance policy against corruption and prohibit all corrupt practices throughout our business operations. We wish to conduct our business responsibly and according to what is morally and ethically right.

<u>Employee code of conduct</u>
To support our commitment to ethical business, we have a Code of Conduct that represents the foundation and the ethical values for the way that we wish to do business.

The employee code of conduct serves as a guidance for our employees on how they should conduct their day-to-day business. The purpose of the code of conduct is to ensure that all employees have a clear understanding of the principles and ethical values that Init Group wants to live up to.

The code of conduct is yet to be rolled out across Init Group. We have continued our rapid acquisition strategy in 2023 and only now in Q2 of 2024, do we have all our Danish business units integrated in the same system from where the code of conduct can be rolled out.

From 1 October 2024, all employees are required to sign our Code of Conduct. In supplement to the Code of Conduct, we have developed an online learning programme that all employees will be required to take once a year.

Supplier code of conduct

Init's performance on ESG aspects is not restricted to our business alone. We also depend to a high degree on the performance of our business partners, consultants, suppliers, and sub suppliers. For that reason, Init has developed a Supplier Code of Conduct.

The Supplier Code of Conduct is aligned with the ten principles of the UN Global Compact and mirrors our principles for how we do business in an ethically, socially, and environmentally responsible way.
We plan to integrate the Supplier Code of Conduct into our standard supplier contract by the end of 2024.

Whistleblower policy

At Init Group, we place a high value on integrity and seek to uncover unethical, illegal, or indefensible practices.

Employees, customers, and external collaborators of Init Group are provided with an additional channel to report unethical, illegal, or indefensible practices that contravene Init Group's policies and values. This policy relates to serious matters that may threaten Init Group's financial performance or reputation, such as fraud, bribery, extortion, misuse of internal information, violation of financial regulations, or similar issues.

The purpose of this policy is to complement the management system, enabling both leadership and employees to anonymously report on objectionable conditions, serious transgressions, or suspicions thereof within the company. This is intended to be done without placing the whistleblower in an uncomfortable situation or jeopardising the whistleblower's status within the organisation.

Double materiality assesment

To strengthen our ability to identify both internal and external ESG risk – and ensure compliance with CSRD legislation – we are working on a double materiality assessment.

At the balance date, we do not have a double materiality assessment in place. However, we are currently conducting thorough analysis across the group and expect to have an output in the second half of 2024, which will form the basis of a double materiality assessment.

We believe a DBA will also help us establish a more holistic view of Init's ESG performance, enabling us to execute better on our mission to optimise efficiency today for greater impact tomorrow.

Statutory report on the underrepresented gender

	2023
Supreme management body	
Total number of members	2
Underrepresented gender (%)	0.00
Target figures (%)	33.33
Year of expected achievement of target figures	2027

In 2023, the underrepresented gender was 0% and therefore not an equal gender distribution.

Init Group's Board of Directors currently consists of two people of which both are men. The Board of Directors has set a target figure of minimum 33.33% for the underrepresented gender of independent board members which in this case is a target of 33.33% female independent board members.

	2023
Other management levels	
Total number of members	1
Underrepresented gender (%)	0.00

In 2023, the underrepresented gender was 0% and therefore not an equal gender distribution.

Due to an average number of employees below 50 in 2023, no target figures have been set.

Statutory report on data ethics policy

The Group is established during 2022 through the acquisition of several subsidiaries and has continued to grow in 2023 through the acquisition of seven new companies. Consequently, the Group meets the requirements for reporting on data ethics. In our 2022 annual report we put forward an intention to write and comply with data ethics in 2023.

Unfortunately, we have not been able to meet that goal and therefore still do not have a policy on data ethics.

Our focus in 2023 have been to establish common channels and tools for communication and cooperation across business units. This work has required much effort and has been pivotal in integrating all former companies properly into the Group. Unfortunately, it has meant that we have not had the resources to prioritise the work with data ethics that we started in late 2023. We expect to complete and comply with a data ethics policy before the end of 2024.

Events after the balance sheet date

On 29th of January 2024, MBB Group completed, as the first company in Init Denmark, the legal merger and now operates under the Init Denmark CVR number. Effective 18 March 2024, the Group has been expanded with one acquisition: Zatea Aps.

No events besides the above mentioned, 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	2021/22 DKK
Revenue	1	653,148,433	319,515,020
Own work capitalised		3,241,272	0
Other operating income		3,035,896	315,568
Cost of sales		(157,875,966)	(68,257,817)
Other external expenses	2	(95,366,494)	(68,899,112)
Gross profit/loss		**406,183,141**	**182,673,659**
Staff costs	3	(336,846,855)	(152,906,343)
Depreciation, amortisation and impairment losses	4	(72,724,017)	(37,847,562)
Operating profit/loss		**(3,387,731)**	**(8,080,246)**
Other financial income	5	1,080,881	1,132,401
Other financial expenses	6	(59,295,602)	(7,065,306)
Profit/loss before tax		**(61,602,452)**	**(14,013,151)**
Tax on profit/loss for the year	7	(11,971,727)	(11,698,515)
Profit/loss for the year	8	**(73,574,179)**	**(25,711,666)**

Consolidated balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2021/22 DKK
Completed development projects	10	8,619,001	0
Acquired intangible assets		8,298,910	999,490
Goodwill		708,025,255	555,893,098
Development projects in progress	10	2,687,232	0
Intangible assets	9	**727,630,398**	**556,892,588**
Other fixtures and fittings, tools and equipment		9,261,225	2,850,023
Leasehold improvements		3,387,751	868,973
Property, plant and equipment	11	**12,648,976**	**3,718,996**
Other investments		0	5,000
Deposits		2,821,631	1,671,749
Other receivables		28,077	304,093
Financial assets	12	**2,849,708**	**1,980,842**
Fixed assets		**743,129,082**	**562,592,426**
Raw materials and consumables		10,633,697	0
Manufactured goods and goods for resale		1,904,831	909,744
Inventories		**12,538,528**	**909,744**
Trade receivables		172,707,054	116,637,042
Contract work in progress		29,028,269	18,285,798
Other receivables		6,274,839	6,147,686
Tax receivable		1,167,607	0
Prepayments	13	7,792,031	2,900,353
Receivables		**216,969,800**	**143,970,879**

Other investments	30,279	5,905
Investments	**30,279**	**5,905**
Cash	**70,545,590**	**64,887,458**
Current assets	**300,084,197**	**209,773,986**
Assets	**1,043,213,279**	**772,366,412**

Equity and liabilities

	Notes	2023 DKK	2021/22 DKK
Contributed capital	14	277,300	277,300
Share premium		0	237,062,700
Translation reserve		(124,702)	0
Reserve for fair value adjustments of hedging instruments		(396,336)	0
Retained earnings		195,571,747	(16,899,324)
Equity belonging to Parent's shareholders		**195,328,009**	**220,440,676**
Equity belonging to minority interests		**133,302,520**	**112,897,808**
Equity		**328,630,529**	**333,338,484**
Deferred tax	15	7,426,835	2,994,549
Other provisions	16	35,923	30,000
Provisions		**7,462,758**	**3,024,549**
Bank loans		508,438,509	290,836,415
Other payables		43,852,886	32,080,000
Non-current liabilities other than provisions	17	**552,291,395**	**322,916,415**
Current portion of non-current liabilities other than provisions	17	12,500,000	0
Bank loans		6,863,971	5,116,802
Contract work in progress		25,193,439	8,252,523
Trade payables		43,696,270	26,290,866
Tax payable		5,642,281	13,576,925
Derivative financial instruments	18	857,250	0
Other payables		58,559,849	57,991,960
Deferred income	19	1,515,537	1,857,888
Current liabilities other than provisions		**154,828,597**	**113,086,964**
Liabilities other than provisions		**707,119,992**	**436,003,379**
Equity and liabilities		**1,043,213,279**	**772,366,412**
Unrecognised rental and lease commitments	21		
Contingent liabilities	22		
Non-arm's length related party transactions	23		
Subsidiaries	24		

Consolidated statement of changes in equity for 2023

	Contributed capital DKK	Share premium DKK	Translation reserve DKK	Reserve for fair value adjustments of hedging instruments DKK	Retained earnings DKK
Equity beginning of year	277,300	237,062,700	0	0	(16,899,324)
Exchange rate adjustments	0	0	(124,702)	0	0
Fair value adjustments of hedging instruments	0	0	0	(396,336)	0
Other entries on equity	0	0	0	0	18,976,921
Transfer to reserves	0	(237,062,700)	0	0	237,062,700
Profit/loss for the year	0	0	0	0	(43,568,550)
Equity end of year	**277,300**	**0**	**(124,702)**	**(396,336)**	**195,571,747**

	Equity belonging to Parent's shareholders DKK	Equity belonging to minority interests DKK	Total DKK
Equity beginning of year	220,440,676	112,897,808	333,338,484
Exchange rate adjustments	(124,702)	(85,682)	(210,384)
Fair value adjustments of hedging instruments	(396,336)	(272,319)	(668,655)
Other entries on equity	18,976,921	50,768,342	69,745,263
Transfer to reserves	0	0	0
Profit/loss for the year	(43,568,550)	(30,005,629)	(73,574,179)
Equity end of year	**195,328,009**	**133,302,520**	**328,630,529**

Consolidated cash flow statement for 2023

	Notes	2023 DKK	2021/22 DKK
Operating profit/loss		(3,387,731)	(8,080,246)
Amortisation, depreciation and impairment losses		72,724,017	37,847,562
Working capital changes	20	(48,438,902)	(11,140,712)
Other adjustments		(371,196)	5,793,056
Cash flow from ordinary operating activities		**20,526,188**	**24,419,660**
Financial income received		1,080,881	1,132,401
Financial expenses paid		(53,128,118)	(7,065,306)
Taxes refunded/(paid)		(9,900,000)	0
Cash flows from operating activities		**(41,421,049)**	**18,486,755**
Acquisition etc. of intangible assets		(84,469,801)	0
Acquisition etc. of property, plant and equipment		(7,727,097)	(4,321,571)
Acquisition of subsidiaries, net of cash acquired		(113,350,201)	(245,230,943)
Cash flows from investing activities		**(205,547,099)**	**(249,552,514)**
Free cash flows generated from operations and investments before financing		**(246,968,148)**	**(231,065,759)**
Loans raised		243,473,280	295,953,217
Cash capital increase		9,153,000	0
Cash flows from financing activities		**252,626,280**	**295,953,217**
Increase/decrease in cash and cash equivalents		**5,658,132**	**64,887,458**
Cash and cash equivalents beginning of year		64,887,458	0
Cash and cash equivalents end of year		**70,545,590**	**64,887,458**
Cash and cash equivalents at year-end are composed of:			
Cash		70,545,590	64,887,458
Cash and cash equivalents end of year		**70,545,590**	**64,887,458**

Notes to consolidated financial statements

1 Revenue

	2023 DKK	2021/22 DKK
Denmark	521,332,488	250,638,373
Other countries	131,815,945	68,876,647
Total revenue by geographical market	**653,148,433**	**319,515,020**
Aqua & Agriculture	48,823,678	23,884,155
Buildings	6,827,318	3,339,870
Energy	109,138,484	53,389,678
Food & Beverage	35,289,917	17,263,547
Infrastructure	28,237,241	13,813,434
Life Science	150,500,187	73,623,495
Manufacturing	142,491,956	69,705,932
Marina & Offshore	21,145,725	10,344,321
Utility	110,693,927	54,150,588
Total revenue by activity	**653,148,433**	**319,515,020**

2 Fees to the auditor appointed by the Annual General Meeting

	Deloitte 2023 DKK	Other 2023 DKK	Total 2023 DKK
Statutory audit services	597,270	546,463	1,143,733
Tax services	79,559	22,000	101,559
Other services	130,747	92,000	222,747
	807,576	**660,463**	**1,468,039**

	Deloitte 2021/22 DKK	Other 2021/22 DKK	Total 2021/22 DKK
Statutory audit services	0	827,600	827,600
Other services	0	1,353,000	1,353,000
	0	**2,180,600**	**2,180,600**

3 Staff costs

	2023 DKK	2021/22 DKK
Wages and salaries	282,912,613	139,444,881
Pension costs	31,148,987	12,217,721
Other social security costs	16,354,182	508,471
Other staff costs	6,431,073	735,270
	336,846,855	**152,906,343**

Average number of full-time employees	546	297

Special incentive programmes

In February 2022, an incentive scheme was established comprising both the Board of Directors, the Executive Management and other employees and the incentive scheme is made to motivate and retain the participants.

The incentive scheme allow participants to subscribe for a number of warrants, each entitling the holder to buy either 1 C-share or 1 P-share of a nominal value of DKK 0.01 in the subsidiary AX VI Inv6 Holding II ApS at a price agreed in advance. The warrants subscribed for are allotted with 1/48 per month from the date of subscription until all warrants are allotted if certain conditions are met.

As of 31st December 2023, participants in the incentive scheme have subscribed for 3.071.667 warrants in total corresponding to 7.2% of the outstanding share capital on a fully-diluted basis, and 1.511.649 warrants have vested.

Pursuant to section 98b(3)(2) of the Danish Financial Statements Act, remuneration to Management has not been seperately disclosed.

4 Depreciation, amortisation and impairment losses

	2023 DKK	2021/22 DKK
Amortisation of intangible assets	69,791,983	36,864,369
Depreciation on property, plant and equipment	2,207,908	983,193
Impairment losses on property, plant and equipment	724,126	0
	72,724,017	**37,847,562**

5 Other financial income

	2023 DKK	2021/22 DKK
Other interest income	900,930	1,132,401
Other financial income	179,951	0
	1,080,881	**1,132,401**

6 Other financial expenses

	2023 DKK	2021/22 DKK
Other interest expenses	38,261,568	7,065,306
Exchange rate adjustments	1,621,685	0
Other financial expenses	19,412,349	0
	59,295,602	**7,065,306**

7 Tax on profit/loss for the year

	2023 DKK	2021/22 DKK
Current tax	8,106,588	13,251,253
Change in deferred tax	4,080,136	(1,552,738)
Adjustment concerning previous years	(214,997)	0
	11,971,727	**11,698,515**

8 Proposed distribution of profit/loss

	2023 DKK	2021/22 DKK
Retained earnings	(43,568,550)	(16,899,324)
Minority interests' share of profit/loss	(30,005,629)	(8,812,342)
	(73,574,179)	**(25,711,666)**

9 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Goodwill DKK	Development projects in progress DKK
Cost beginning of year	0	1,464,832	606,763,127	0
Addition through business combinations etc	8,619,001	598,888	146,906,691	0
Additions	0	7,883,503	73,899,066	2,687,232
Cost end of year	**8,619,001**	**9,947,223**	**827,568,884**	**2,687,232**
Amortisation and impairment losses beginning of year	0	(465,342)	(50,870,029)	0
Exchange rate adjustments	0	0	(64,588)	0
Amortisation for the year	0	(1,182,971)	(68,609,012)	0
Amortisation and impairment losses end of year	**0**	**(1,648,313)**	**(119,543,629)**	**0**
Carrying amount end of year	**8,619,001**	**8,298,910**	**708,025,255**	**2,687,232**

10 Development projects

Development projects relate to development of feeding systems to be used in the Group's operations. It is estimated, that the recognised development projects can give the Group future cash flow through acess to a new market and sales to existing markets.

11 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	16,068,106	2,833,059
Addition through business combinations etc	8,761,147	696,714
Additions	4,516,598	3,124,204
Disposals	(989,396)	0
Cost end of year	**28,356,455**	**6,653,977**
Depreciation and impairment losses beginning of year	(13,218,083)	(1,964,086)
Addition through business combinations etc	(4,142,702)	(397,037)
Impairment losses for the year	0	(724,126)
Depreciation for the year	(2,026,931)	(180,977)
Reversal regarding disposals	292,486	0
Depreciation and impairment losses end of year	**(19,095,230)**	**(3,266,226)**
Carrying amount end of year	**9,261,225**	**3,387,751**

12 Financial assets

	Other investments DKK	Deposits DKK	Other receivables DKK
Cost beginning of year	5,000	1,671,749	304,093
Addition through business combinations etc	0	75,679	0
Transfers	(5,000)	0	0
Additions	0	1,074,203	0
Disposals	0	0	(276,016)
Cost end of year	**0**	**2,821,631**	**28,077**
Carrying amount end of year	**0**	**2,821,631**	**28,077**

13 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

14 Contributed capital

	Number	Nominal value DKK
Share class B	274,527	274,527
Share class C	2,773	2,773
	277,300	**277,300**

15 Deferred tax

Changes during the year	**2023 DKK**	**2021/22 DKK**
Recognised in the income statement	4,080,136	(1,552,738)
Addition through business combinations etc	3,346,699	4,547,287
End of year	**7,426,835**	**2,994,549**

Deferred tax has been recognised in the balance sheet as follows	**2023 DKK**	**2021/22 DKK**
Deferred tax liabilities	7,426,835	2,994,549
	7,426,835	**2,994,549**

Deferred tax relates to intangible assets, property, plant and equipment and tax loss carry forward.

16 Other provisions

Other provisions relates to a provision for a contingent consideration.

17 Non-current liabilities other than provisions

	Due within 12 months 2023 DKK	**Due after more than 12 months 2023 DKK**	**Outstanding after 5 years 2023 DKK**
Bank loans	12,500,000	508,438,509	0
Other payables	0	43,852,886	7,227,086
	12,500,000	**552,291,395**	**7,227,086**

18 Derivative financial instruments

The Group has entered into interest rate contracts (swaps) that covers a period from 31.03.2023 to 31.03.2026. The Group has entered these contracts to hedge the interest rate risk on the expected future intest rate cashflow and secures a fixed interest rate between 2.00% - 4.00%.

The intest rate contracts is enteted with the Group's usual credit institution and the contracts has a value of DKK -857,250 as of 31.12.2023.

The valuation of the interest rate contracts is based on a discounted cash flow method, in which the expected future cash flows in the financial instruments, are based on relevant, observable forward exchange rates, which is discounted to 31.12.2023 with a discount rate that reflects the credit risk related to both the counterparty (INIT Group ApS) and the credit institution.

19 Deferred income

Deferred income is composed of income to be recognized in 2024.

20 Changes in working capital

	2023 **DKK**	**2021/22** **DKK**
Increase/decrease in inventories	(10,079,234)	(5,063,960)
Increase/decrease in receivables	(5,491,433)	(686,462)
Increase/decrease in trade payables etc.	(32,868,235)	(5,390,290)
	(48,438,902)	**(11,140,712)**

21 Unrecognised rental and lease commitments

	2023 **DKK**	**2021/22** **DKK**
Total liabilities under rental or lease agreements until maturity	8,339,000	5,387,000

22 Contingent liabilities

	2023 **DKK**	**2021/22** **DKK**
Recourse and non-recourse guarantee commitments	2,958,000	2,958,000
Contingent liabilities	**2,958,000**	**2,958,000**

23 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.

24 Subsidiaries

	Registered in	Corporate form	Ownership %
Ax VI Inv6 Holding II ApS	Søborg	ApS	59.27
Ax VI Inv6 Holding I ApS	Søborg	ApS	59.27
ProjectBinder ApS	Ballerup	ApS	59.27
ProjectBinder SL	Spain	SL	59.27
Init Denmark A/S	Søborg	A/S	59.27
- Init MBB Consult ApS	Esbjerg	ApS	59.27
- Init Inuatek A/S	Copenhagen	A/S	59.27
- Init Logimatic Engineering A/S	Aalborg	A/S	59.27
- Init Daniit A/S	Sønderborg	A/S	59.27
- Init 3Tech A/S	Fredericia	A/S	59.27
- Init AN Group A/S	Lynge	A/S	59.27
- AN Group Balkan d.o.o	Serbia	d.o.o.	59.27
- Automation Lab A/S	Svendborg	A/S	59.27
Init Norway AS	Norway	AS	59.27
- Nebb Subsea AS	Norway	AS	59.27
- Nebb Technology AS	Norway	AS	59.27
- Nebb Solutions DOOEL	North Macedonia	DOOEL	59.27
- Four Solutions AS	Norway	AS	59.27
- Four Solutions DOOEL	North Macedonia	DOOEL	59.27
INIT Sweden AB	Sweden	AB	59.27
- Mårtensson Consulting AB	Sweden	AB	59.27
- Mårtensson Systems AB	Sweden	AB	59.27
- Mårtensson Engineering d.o.o.	Serbia	d.o.o.	59.27
- Industriprojektbyrån Engineering AB	Sweden	AB	59.27
- Acobia AB	Sweden	AB	59.27
- Acobia AS	Norway	AS	59.27

Parent income statement for 2023

	Notes	2023 DKK	2021/22 DKK
Other external expenses		(71,096)	(73,439)
Gross profit/loss		**(71,096)**	**(73,439)**
Income from investments in group enterprises		(43,670,394)	(16,825,596)
Other financial income	1	2,436	0
Other financial expenses	2	(34,299)	(289)
Profit/loss before tax		**(43,773,353)**	**(16,899,324)**
Tax on profit/loss for the year	3	204,803	0
Profit/loss for the year	4	**(43,568,550)**	**(16,899,324)**

Parent balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2021/22 DKK
Investments in group enterprises		194,009,353	219,223,864
Financial assets	5	**194,009,353**	**219,223,864**
Fixed assets		**194,009,353**	**219,223,864**
Other receivables		5,701	0
Joint taxation contribution receivable		4,450,353	0
Receivables		**4,456,054**	**0**
Cash		**2,077,361**	**1,216,812**
Current assets		**6,533,415**	**1,216,812**
Assets		**200,542,768**	**220,440,676**

Equity and liabilities

	Notes	2023 DKK	2021/22 DKK
Contributed capital		277,300	277,300
Share premium		0	237,062,700
Translation reserve		(124,702)	0
Reserve for fair value adjustments and hedging instruments		(396,336)	0
Retained earnings		195,571,747	(16,899,324)
Equity		**195,328,009**	**220,440,676**
Payables to group enterprises		68,750	0
Tax payable		5,146,009	0
Current liabilities other than provisions		**5,214,759**	**0**
Liabilities other than provisions		**5,214,759**	**0**
Equity and liabilities		**200,542,768**	**220,440,676**
Employees	6		
Contingent liabilities	7		
Non-arm’s length related party transactions	8		

Parent statement of changes in equity for 2023

	Contributed capital DKK	Share premium DKK	Translation reserve DKK	Reserve for fair value adjustments of hedging instruments DKK	Retained earnings DKK
Equity beginning of year	277,300	237,062,700	0	0	(16,899,324)
Exchange rate adjustments	0	0	(124,702)	0	0
Fair value adjustments of hedging instruments	0	0	0	(396,336)	0
Other entries on equity	0	0	0	0	18,976,921
Transfer to reserves	0	(237,062,700)	0	0	237,062,700
Profit/loss for the year	0	0	0	0	(43,568,550)
Equity end of year	**277,300**	**0**	**(124,702)**	**(396,336)**	**195,571,747**

	Total DKK
Equity beginning of year	220,440,676
Exchange rate adjustments	(124,702)
Fair value adjustments of hedging instruments	(396,336)
Other entries on equity	18,976,921
Transfer to reserves	0
Profit/loss for the year	(43,568,550)
Equity end of year	**195,328,009**

Notes to parent financial statements

1 Other financial income

	2023 DKK	2021/22 DKK
Other interest income	2,436	0
	2,436	**0**

2 Other financial expenses

	2023 DKK	2021/22 DKK
Other interest expenses	34,299	289
	34,299	**289**

3 Tax on profit/loss for the year

	2023 DKK	2021/22 DKK
Current tax	(15,105)	0
Adjustment concerning previous years	(189,698)	0
	(204,803)	**0**

4 Proposed distribution of profit and loss

	2023 DKK	2021/22 DKK
Retained earnings	(43,568,550)	(16,899,324)
	(43,568,550)	**(16,899,324)**

5 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	236,049,460
Cost end of year	**236,049,460**
Impairment losses beginning of year	(16,825,596)
Exchange rate adjustments	(124,702)
Share of profit/loss for the year	(43,670,394)
Fair value adjustments	(396,336)
Other adjustments	18,976,921
Impairment losses end of year	**(42,040,107)**
Carrying amount end of year	**194,009,353**

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

6 Employees

The Entity has no employees.

7 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which AX VI INV6 Holding III ApS serves as the administration company. 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 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.

8 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

The consolidated financial statements have been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large). The parent financial statements have been presented 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.

Non-comparability

Last year was the Company's first financial year. The Company was founded on 09.12.2021 and therefore the financial year 2021/22 covers the period 09.12.2021 - 31.12.2022. Due to the longer financial year last year, the comparison figures are not comparable to the financial year 2023.

Material errors in previous years

The 2022 annual report contained a material error in the classification whit in the cash flow statement. The error does not affect total equity, net result or total assets for 2022. However, it does impact the total cash flow from ordinary activities from minus DKK 28 million to plus 18 million and cash flow from investing activities from minus DKK 594 million to minus DKK 250 million and cash flow from financing activities from plus 682 million to plus 296 million.

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

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

Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling, influence are regarded as associates.

Basis of consolidation

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

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

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

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

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.

The uniting-of-interests method is applied on mergers of assets and exchanges of shares, etc. in which the enterprises concerned are controlled by the Parent, under which method the combination is considered completed at the date of acquisition without restatement of comparative figures. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity.

Income statement

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.

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.

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

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

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 external interest income and exchange gains on transaction in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses.

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 and other Danish consolidated companies. The current Danish income tax is allocated among the jointly taxed companies 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 expected future net earnings of the enterprise or activity to which the goofwill relates.

The amortisation periods used are 7-10 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 in the 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.

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.

The useful life period for acquired rights are 5 years.

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

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

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

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

	Useful life
Other fixtures and fittings, tools and equipment	2-8 years
Leasehold improvements	3-5 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 plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in group enterprises.

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

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

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. Useful lives are reassessed annually. The amortisation periods used are 10 years.

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

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

Other investments
Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date, and unlisted equity investments measured at the lower of cost and net realisable value.

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. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

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

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.

Each contract in progress is recognised in the balance sheet in 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.

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

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

Other investments (current assets)
Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date, and unlisted investments measured at the lower of cost and net realisable value.

Cash
Cash comprises cash in hand and bank deposits.

Minority interests
On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is recognised.

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

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

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

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

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

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

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

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

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

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