Deloitte.

PW Estournel ApS

Struenseegade 9, 2.
2200 København N
CVR No. 43302043

Annual report 02.06.2022 - 31.12.2022

The Annual General Meeting adopted the annual report on 22.05.2023

Jens Chr. Hesse Rasmussen
Chairman of the General Meeting

Contents

Entity details

Entity

PW Estournel ApS

Struenseegade 9, 2.

2200 København N

Business Registration No.: 43302043

Registered office: København

Financial year: 02.06.2022 - 31.12.2022

Board of Directors

Jesper Ahlmann Funding Andersen, Chairman

Martin Guy le Huray

Kimmie Kubis Tronborg

Cathrine Moesgaard Albertsen

Edward Thomas William Lunken

Executive Board

Annemette Arndal-Lauritzen

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 PW Estournel ApS for the financial year 02.06.2022 - 31.12.2022.

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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 02.06.2022 - 31.12.2022.

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.

Copenhagen, 22.05.2023

Executive Board

Annemette Arndal-Lauritzen

Board of Directors

Jesper Ahlmann Funding Andersen
Chairman

Martin Guy le Huray

Kimmie Kubis Tronborg

Cathrine Moesgaard Albertsen

Edward Thomas William Lunken

Independent auditor's report

To the shareholders of PW Estournel ApS

Opinion
We have audited the consolidated financial statements and the parent financial statements of PW Estournel ApS for the financial year 02.06.2022 - 31.12.2022, 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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 02.06.2022 - 31.12.2022 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 under the Danish Financial Statements Act.

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 of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 22.05.2023

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

	2022 DKK'000
Key figures	
Gross profit/loss	(85,689)
Operating profit/loss	(154,635)
Net financials	(28,084)
Profit/loss for the year	(169,436)
Balance sheet total	2,906,684
Investments in property, plant and equipment	24,463
Equity	1,777,720
Cash flows from operating activities	(95,168)
Cash flows from investing activities	(2,255,957)
Cash flows from financing activities	2,447,935
Ratios	
Equity ratio (%)	61.16

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

Equity ratio (%):
$$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$$

Primary activities

The Group's main activities are within the fertility industry and related production.

PW Estournel acquired European Sperm Bank (ESB) in August 2022. Founded in 2004, ESB is one of the leading sperm banks in the world, providing fertility clinics all over the world with donor semen of the highest quality. The main product offering consists of a wide selection of high-quality donor semen from both open and anonymous sperm donors, helping heterosexual couples, single women and lesbian couples in +100 countries. The end users are reached through two channels, i.e. the products are either sold to a fertility clinic (B2B) or directly to end customers via the company website (B2C), in which case the donor semen is delivered to a clinic of choice where the fertility treatment is carried out.

ESB is headquartered in Copenhagen with c. 120 employees worldwide and currently operates out of 6 locations, including 3 sites in Copenhagen (DK), 1 site in Aarhus (DK), 1 site in London (UK) and 1 site in Hamburg (DE).

The parent company's main activities are investments in subsidiaries within the fertility industry and related production, including providing management services.

Development in activities and finances

The company was established in 2022. The loss for the year amounts to 169,436 tDKK. Equity amounts to 1,777,720 tDKK at 31 December 2022.

Management considers the result for the financial year of 2022 to be as expected given the completion of the acquisition.

Uncertainty relating to recognition and measurement

Measurement of certain assets and liabilities is based on accounting estimates made by Management. These estimates are made in accordance with the accounting policies and based on Management's assumptions and experience. The estimates made are considered realistic and prudent.

The areas subject to assumptions and estimates that are considered material to the financial statements are intangible assets, investments in group enterprises, inventories and other provisions.

Inventories are subject to assumptions and estimates, as saleable straws depends on factors such as fertility rate, pregnancy limits and donor characteristics. Inventories are measured at cost including direct and indirect production costs. Indirect production costs are assessed on an ongoing basis to ensure relevant and reliable measurement of these. Changes in assumptions, estimates and assessment of indirect production costs may have an impact on the gross margin and the overall valuation of inventory. Apart from this, there are no particular uncertainties relating to recognition and measurement.

Unusual circumstances affecting recognition and measurement

No significant unusual circumstances affecting recognition and measurement have occurred.

Outlook

The Group continues to devote significant resources and investments into building the platform for future growth. In general, the fertility industry is considered having little sensitivity to global uncertainties. Management expects that the crisis between Russia and Ukraine will have limited effect on the company. For 2023 Management expects to deliver +10% operating profit growth.

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 2022

	Notes	2022 DKK'000
Gross profit/loss		**(85,689)**
Staff costs	2	(18,721)
Depreciation, amortisation and impairment losses	3	(50,225)
Operating profit/loss		**(154,635)**
Other financial income	4	292
Other financial expenses	5	(28,376)
Profit/loss before tax		**(182,719)**
Tax on profit/loss for the year	6	13,283
Profit/loss for the year	7	**(169,436)**

Consolidated balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000
Completed development projects	9	17,470
Acquired intangible assets		181,595
Acquired trademarks		184,575
Acquired rights		155,770
Goodwill		2,062,569
Development projects in progress	9	8,918
Intangible assets	8	**2,610,897**
Other fixtures and fittings, tools and equipment		5,116
Leasehold improvements		4,336
Property, plant and equipment	10	**9,452**
Other receivables		1,692
Financial assets	11	**1,692**
Fixed assets		**2,622,041**
Manufactured goods and goods for resale		166,256
Inventories		**166,256**
Trade receivables		12,062
Other receivables		6,083
Tax receivable		2,025
Prepayments	12	1,407
Receivables		**21,577**
Cash		**96,810**
Current assets		**284,643**
Assets		**2,906,684**

Equity and liabilities

	Notes	2022 DKK'000
Contributed capital		233,676
Translation reserve		(10)
Retained earnings		1,544,054
Equity		**1,777,720**
Deferred tax	13	136,360
Other provisions	14	18,509
Provisions		**154,869**
Bank loans		694,124
Other payables	15	2,889
Non-current liabilities other than provisions	16	**697,013**
Prepayments received from customers		746
Trade payables		15,239
Payables to group enterprises		201,696
Tax payable		7,509
Other payables		51,892
Current liabilities other than provisions		**277,082**
Liabilities other than provisions		**974,095**
Equity and liabilities		**2,906,684**
Events after the balance sheet date	1	
Unrecognised rental and lease commitments	18	
Contingent liabilities	19	
Assets charged and collateral	20	
Transactions with related parties	21	
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Consolidated statement of changes in equity for 2022

	Contributed capital DKK'000	Translation reserve DKK'000	Retained earnings DKK'000	Total DKK'000
Contributed upon formation	40	0	0	40
Increase of capital	233,636	0	0	233,636
Exchange rate adjustments	0	(10)	0	(10)
Group contributions etc.	0	0	1,699,509	1,699,509
Other entries on equity	0	0	13,981	13,981
Profit/loss for the year	0	0	(169,436)	(169,436)
Equity end of year	**233,676**	**(10)**	**1,544,054**	**1,777,720**

Special incentive programmes
In September 2022, an incentive scheme was established comprising both the Board of Directors, the Executive Management, and other employees. The incentive scheme is made to motivate and retain the participants and allows participants to subscribe for a number of warrants, each entitling the holder to buy 1 share of a nominal value of DKK 0.01 in the Company at a price agreed in advance. The majority of the granted warrants vest 20% at the time of grant and thereafter with 1/48 per month until all warrants are vested if certain conditions are met.

As of 31st December 2022, 2,761,670 warrants have been issued corresponding to 11.2% of the outstanding share capital on a fully diluted basis. Of these, 925,807 warrants have vested.

Consolidated cash flow statement for 2022

	Notes	2022 DKK'000
Operating profit/loss		(154,635)
Amortisation, depreciation and impairment losses		57,235
Working capital changes	17	50,990
Cash flow from ordinary operating activities		**(46,410)**
Financial expenses paid		(28,089)
Taxes refunded/(paid)		(20,669)
Cash flows from operating activities		**(95,168)**
Acquisition etc. of intangible assets		(2,244,011)
Acquisition etc. of property, plant and equipment		(11,839)
Acquisition of fixed asset investments		(107)
Cash flows from investing activities		**(2,255,957)**
Free cash flows generated from operations and investments before financing		**(2,351,125)**
Loans raised		543,098
Incurrence of debt to group enterprises		205,288
Cash capital increase		1,699,549
Cash flows from financing activities		**2,447,935**
Increase/decrease in cash and cash equivalents		**96,810**
Cash and cash equivalents end of year		**96,810**
Cash and cash equivalents at year-end are composed of:		
Cash		96,810
Cash and cash equivalents end of year		**96,810**

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

	2022 DKK'000
Wages and salaries	15,684
Pension costs	1,182
Other social security costs	132
Other staff costs	1,723
	18,721

Average number of full-time employees	**121**

	Remuneration of management 2022 DKK'000
Total amount for management categories	1,006
	1,006

Special incentive programmes

In September 2022, an incentive scheme was established comprising both the Board of Directors, the Executive Management, and other employees. The incentive scheme is made to motivate and retain the participants and allows participants to subscribe for a number of warrants, each entitling the holder to buy 1 share of a nominal value of DKK 0.01 in the Company at a price agreed in advance. The majority of the granted warrants vest 20% at the time of grant and thereafter with 1/48 per month until all warrants are vested if certain conditions are met.

As of 31st December 2022, 2,761,670 (of which 789,838 for management categories) warrants have been issued corresponding to 11.2% of the outstanding share capital on a fully diluted basis. Of these, 925,807 warrants (of which 535,668 for management categories) have vested.

3 Depreciation, amortisation and impairment losses

	2022 DKK'000
Amortisation of intangible assets	49,906
Depreciation on property, plant and equipment	263
	50,169

Depreciation and amortisation in the income statement is lower than the depreciation and amortisation presented in notes 8 and 10, which is due to the fact that part of the depreciation and amortisation is capitalized as inventories as indirect production costs.

4 Other financial income

	2022 DKK'000
Other interest income	253
Other financial income	39
	292

5 Other financial expenses

	2022 DKK'000
Financial expenses from group enterprises	7,334
Other interest expenses	165
Exchange rate adjustments	180
Other financial expenses	20,697
	28,376

6 Tax on profit/loss for the year

	2022 DKK'000
Change in deferred tax	(13,301)
Adjustment concerning previous years	18
	(13,283)

7 Proposed distribution of profit/loss

	2022 DKK'000
Retained earnings	(169,436)
	(169,436)

8 Intangible assets

	Completed development projects DKK'000	Acquired intangible assets DKK'000	Acquired trademarks DKK'000	Acquired rights DKK'000	Goodwill DKK'000
Addition through business combinations etc	7,814	189,490	187,703	158,408	2,097,953
Transfers	19,519	0	0	0	0
Disposals	(60)	0	0	0	0
Cost end of year	**27,273**	**189,490**	**187,703**	**158,408**	**2,097,953**
Addition through business combinations etc	(4,986)	0	0	0	(370)
Amortisation for the year	(4,877)	(7,895)	(3,128)	(2,638)	(35,014)
Reversal regarding disposals	60	0	0	0	0
Amortisation and impairment losses end of year	**(9,803)**	**(7,895)**	**(3,128)**	**(2,638)**	**(35,384)**
Carrying amount end of year	**17,470**	**181,595**	**184,575**	**155,770**	**2,062,569**

	Development projects in progress DKK'000
Addition through business combinations etc	28,437
Transfers	(19,519)
Disposals	0
Cost end of year	**8,918**
Addition through business combinations etc	0
Amortisation for the year	0
Reversal regarding disposals	0
Amortisation and impairment losses end of year	**0**
Carrying amount end of year	**8,918**

9 Development projects

Developments projects in progress comprises to the development of a new website and ERP-system. The sales platform was launched in March 2022, while the ERP implementation was completed during the start of 2023. Hence it is the expectation that the new system will generate an optimization of the sales and shipping process.

Completed development project are primarily related to the implementation of a new CRM system and the part of the ERP implementation that is already completed. Both systems are showing the full expected benefits after the implementation, and therefore no indication of impairment has been identified.

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Addition through business combinations etc	12,271	12,192
Cost end of year	**12,271**	**12,192**
Addition through business combinations etc	(4,205)	(6,684)
Depreciation for the year	(2,511)	(1,172)
Reversal regarding disposals	(439)	0
Depreciation and impairment losses end of year	**(7,155)**	**(7,856)**
Carrying amount end of year	**5,116**	**4,336**

11 Financial assets

	Other receivables DKK'000
Addition through business combinations etc	1,692
Cost end of year	**1,692**
Carrying amount end of year	**1,692**

12 Prepayments

Prepayments consists of prepaid expenses and insurance premiums.

13 Deferred tax

Changes during the year	2022 DKK'000
Additions through business combinations	149,661
Recognised in the income statement	(13,301)
End of year	**136,360**

Deferred tax relates to intangible assets, property, plant and equipment, inventories and other provisions.

14 Other provisions

Other provisions consist of provisions to repurchase straws in storage.

15 Other payables

	2022 DKK'000
Holiday pay obligation	2,889
	2,889

16 Non-current liabilities other than provisions

	Due after more than 12 months 2022 DKK'000	Outstanding after 5 years 2022 DKK'000
Bank loans	694,124	694,124
Other payables	2,889	2,889
	697,013	**697,013**

17 Changes in working capital

	2022 DKK'000
Increase/decrease in inventories	3,556
Increase/decrease in receivables	(6,895)
Increase/decrease in trade payables etc.	54,329
	50,990

18 Unrecognised rental and lease commitments

	2022 DKK'000
Total liabilities under rental or lease agreements until maturity	**15,599**

19 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where PW Estournel 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 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend 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.

20 Assets charged and collateral

The subsidiaries are subject to negative pledges (in Danish: pantsætningsforbud).
The shares in the subsidiaries are pledged in favour of the lenders under the Group’s Senior Facilities Agreement.
Entities within the group acts as a guaranties for liabilities in relation to the group’s facility loan agreements.

21 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.

22 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
PW Estournel Holding III ApS, Struenseegade 9, 2., 2200 København N

23 Subsidiaries

	Registered in	Ownership %
ESB Group ApS	Denmark	100.00
European Sperm Bank ApS	Denmark	100.00
European Sperm Bank Ltd.	UK	100.00
European Sperm Bank GmbH	Germany	100.00
European Sperm Bank LLC	Russia	100.00
AX V ESB Holding I ApS	Denmark	100.00
AX V ESB Holding II ApS	Denmark	100.00
AX V ESB Holding III ApS	Denmark	100.00

Parent income statement for 2022

	Notes	2022 DKK'000
Gross profit/loss		**(81,024)**
Staff costs	1	(1,670)
Operating profit/loss		**(82,694)**
Other financial income	2	27,166
Other financial expenses	3	(27,582)
Profit/loss before tax		**(83,110)**
Tax on profit/loss for the year	4	697
Profit/loss for the year	5	**(82,413)**

Parent balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000
Investments in group enterprises		1,610,141
Receivables from group enterprises		1,089,459
Financial assets	6	**2,699,600**
Fixed assets		**2,699,600**
Receivables from group enterprises		28,377
Other receivables		4,851
Joint taxation contribution receivable		697
Receivables		**33,925**
Cash		**28,500**
Current assets		**62,425**
Assets		**2,762,025**

Equity and liabilities

	Notes	2022 DKK'000
Contributed capital		46
Retained earnings		1,850,710
Equity		**1,850,756**
Bank loans		694,124
Payables to group enterprises		193,000
Other payables	7	185
Non-current liabilities other than provisions	8	**887,309**
Current portion of non-current liabilities other than provisions	8	7,334
Trade payables		6,220
Other payables		10,406
Current liabilities other than provisions		**23,960**
Liabilities other than provisions		**911,269**
Equity and liabilities		**2,762,025**
Contingent liabilities	9	
Assets charged and collateral	10	
Related parties with controlling interest	11	

Parent statement of changes in equity for 2022

	Contributed capital DKK'000	Share premium DKK'000	Retained earnings DKK'000	Total DKK'000
Contributed upon formation	40	0	0	40
Increase of capital	6	233,614	0	233,620
Group contributions etc.	0	0	1,699,509	1,699,509
Transfer to reserves	0	(233,614)	233,614	0
Profit/loss for the year	0	0	(82,413)	(82,413)
Equity end of year	**46**	**0**	**1,850,710**	**1,850,756**

Special incentive programmes
In September 2022, an incentive scheme was established comprising both the Board of Directors, the Executive Management, and other employees. The incentive scheme is made to motivate and retain the participants and allows participants to subscribe for a number of warrants, each entitling the holder to buy 1 share of a nominal value of DKK 0.01 in the Company at a price agreed in advance. The majority of the granted warrants vest 20% at the time of grant and thereafter with 1/48 per month until all warrants are vested if certain conditions are met.

As of 31st December 2022, 2,761,670 warrants have been issued corresponding to 11.2% of the outstanding share capital on a fully diluted basis. Of these, 925,807 warrants have vested.

Notes to parent financial statements

1 Staff costs

	2022 DKK'000
Wages and salaries	1,610
Pension costs	56
Other social security costs	2
Other staff costs	2
	1,670

Average number of full-time employees	**2**

Special incentive programmes

In September 2022, an incentive scheme was established comprising both the Board of Directors, the Executive Management, and other employees. The incentive scheme is made to motivate and retain the participants and allows participants to subscribe for a number of warrants, each entitling the holder to buy 1 share of a nominal value of DKK 0.01 in the Company at a price agreed in advance. The majority of the granted warrants vest 20% at the time of grant and thereafter with 1/48 per month until all warrants are vested if certain conditions are met.

As of 31st December 2022, 2,761,670 (of which 789,838 for management categories) warrants have been issued corresponding to 11.2% of the outstanding share capital on a fully diluted basis. Of these, 925,807 warrants (of which 535,668 for management categories) have vested.

2 Other financial income

	2022 DKK'000
Financial income from group enterprises	27,166
	27,166

3 Other financial expenses

	2022 DKK'000
Financial expenses from group enterprises	7,334
Other financial expenses	20,248
	27,582

4 Tax on profit/loss for the year

	2022 DKK'000
Change in deferred tax	(697)
	(697)

5 Proposed distribution of profit and loss

	2022 DKK'000
Retained earnings	(82,413)
	(82,413)

6 Financial assets

	Investments in group enterprises DKK'000	Receivables from group enterprises DKK'000
Addition through business combinations etc	1,610,141	0
Additions	0	1,089,459
Cost end of year	**1,610,141**	**1,089,459**
Carrying amount end of year	**1,610,141**	**1,089,459**

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

7 Other payables

	2022 DKK'000
Holiday pay obligation	185
	185

8 Non-current liabilities other than provisions

	Due within 12 months 2022 DKK'000	Due after more than 12 months 2022 DKK'000	Outstanding after 5 years 2022 DKK'000
Bank loans	0	694,124	694,124
Payables to group enterprises	7,334	193,000	193,000
Other payables	0	185	185
	7,334	**887,309**	**887,309**

9 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where PW Estournel 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 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend 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.

10 Assets charged and collateral

The company subject to negative pledges (in Danish: pantsætningsforbud).
The shares in the subsidiaries are pledged in favour of the lenders under the Group’s Senior Facilities Agreement.
Entities within the group acts as a guaranties for liabilities in relation to the group’s facility loan agreements.

11 Related parties with controlling interest

PW Estournel Holding I ApS, Struenseegade 9, 2., 2200 København N, (immediate parent company)
PW Estournel Holding II ApS, Struenseegade 9, 2., 2200 København N, (immediate parent company)
PW Estournel Holding III ApS, Struenseegade 9, 2., 2200 København N, (immediate parent company)
PW Estournel Limited, P O Box 472 St Julian's Court, St Julian's Avenue, St Peter Port, Guernsey GY1 6AX, United Kingdom (ultimate parent company)

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).

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.

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.

Foreign currency translation

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

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

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

Income statement

Gross profit or loss

Gross profit or loss comprises external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is measured at fair value excl. VAT and less granted goods and customer discounts.

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.

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.

Other financial income
Other financial income comprises interest income on receivables from group enterprises.

Other financial expenses
Other financial expenses comprise interest expenses, 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 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 experience gained by Management for each business area. Useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation period used are 20 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 and acquired intellectual property rights.

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

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

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights.

Intellectual property rights acquired relates to the rights to distribute and sell straws from subsidiaries and are measured at cost less accumulated amortisation. Acquired rights are amortised on a straight-line , which is fixed based on the experience gained by management.

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

The following estimated useful lives apply:

Acquired development projects	3-5 years
Acquired intangible assets	8 years
Acquired rights	20 years
Acquired trademarks	20 years

Property, plant and equipment
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. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the manufacturing process are recognised in cost based on time spent on each asset.

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:

The following estimated useful lives apply:

Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	5-10 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 measured at cost. Investments 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.

Inventories
Inventories are measured at the cost according to the weighted average price method. In the event of cost exceeding net realisable value, write-down is made to this lower value. Cost of goods for resale consists of costs for raw materials, direct salaries with the addition of production overhead costs. Production overhead costs consists of indirect materials and salaries and maintenance of and depreciation on the machines used in the production process and equipment and costs to administration and leadership of the production.

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.

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.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Other provisions
Other provisions comprise anticipated costs to contractual repurchase sold straws in storage.

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

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

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

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.