VI SKABER BALANCE

LABFLEX A/S

Hjortevej 3, 7800 Skive

CVR no. 55 22 02 12

Annual report for 2022

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 07.07.23

Christian Herskind Jørgensen
Dirigent

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Group information etc.

The company

LABFLEX A/S
Hjortevej 3
7800 Skive
Registered office: Skive
CVR no.: 55 22 02 12
Financial year: 01.01 - 31.12

Executive Board

Stig Blicher Rasmussen

Board of Directors

Christian Herskind Jørgensen, chairman
Lars Foghsaard
Ivar Malte Foghsgaard
Johan Caspar Foghsgaard

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.22 - 31.12.22 for LABFLEX A/S.

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

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.12.22 and of the results of the group's and parent's activities and of the group's cash flows for the financial year 01.01.22 - 31.12.22.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Skive, July 7, 2023

Executive Board

Stig Blicher Rasmussen

Board of Directors

Christian Herskind Jørgensen Chairman	Lars Foghsaard
Ivar Malte Foghsgaard	Johan Caspar Foghsgaard

To the Shareholders of LABFLEX A/S

Opinion

We have audited the consolidated financial statements and parent company financial statements of LABFLEX A/S for the financial year 01.01.22 - 31.12.22, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31.12.22 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 01.01.22 - 31.12.22 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

Basis for Opinion

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

Statement regarding the management's review

Management is responsible for management's review.

Our opinion on the consolidated financial statements and parent company financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and parent company financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the consolidated financial statements or parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management’s review is in accordance with the consolidated financial statements and parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management’s review.

Management's responsibility for the consolidated financial statements and parent company financial statements

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

In preparing the consolidated financial statements and parent company financial statements, management is responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and parent company financial statements unless management either intends to liquidate the group and the company 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 parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company 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 International Standards on Auditing 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 company financial statements.

As part of an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the parent company's internal control.

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

- Conclude on the appropriateness of management’s use of the going concern basis of accounting in preparing the consolidated financial statements and parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements and parent company 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 company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company 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 per-formance 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.

Soeborg, Copenhagen, July 7, 2023

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Torben Skov

State Authorized Public Accountant
MNE-no. mne19689

GROUPS FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2022	2021	2020	2019	2018
Profit/loss					
Gross profit	25,886	19,764	17,692	23,490	11,221
Operating profit/loss	2,086	-654	-1,152	1,413	-13,682
Total net financials	-1,674	792	-3,504	-247	-3,484
Profit for the year	412	200	-4,656	2,144	-17,265
EBITDA	5,609	2,373	2,413	4,610	-10,615
Balance					
Total assets	93,084	93,843	83,459	87,871	67,400
Investments in property, plant and equipment	1,222	1,351	1,829	687	811
Equity	18,428	17,600	17,921	22,302	20,551
Cashflow					
Net cash flow:					
Operating activities	992	-5,915	5,702	-6,274	-2,585
Investing activities	-2,335	-2,239	-3,326	-1,697	-3,353
Financing activities	-843	-849	-815	10,041	7,048
Cash flows for the year	-2,186	-9,003	1,561	2,070	1,110

Ratios

	2022	2021	2020	2019	2018
Profitability					
Return on equity	2%	1%	-23%	10%	0%
Equity ratio					
Solvency ratio	20%	19%	21%	25%	30%

Ratios definitions

Return on equity: $\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

Solvency ratio: $\frac{\text{Equity, end of year x 100}}{\text{Total assets}}$

Primary activities

Labflex A/S is a turnkey provider of interior solutions and products to laboratories and hospitals. Core activities are design, engineering, installation, and after-sales supported by sales, marketing, project management and supply chain services.

Development in activities and financial affairs

The income statement for the period 01.01.22 - 31.12.22 shows a profit/loss of DKK 412,192 against DKK 200,101 for the period 01.01.21 - 31.12.21. The balance sheet shows equity of DKK 18,428,143.

As part of the 2022 budget process, the management team had expected operational challenges following the continued Covid-19 pandemic, disturbed supply chains and price increase on raw material and components. The outlook for the financial year 2022 was, despite challenges, an increased revenue and improved operational financial performance compared to 2021 due to a positive development in the order back-log on projects in Scandinavia, the UK and in Germany.

The Covid-19 sanctions were cancelled during the spring allowing business travels to be normalized. However, the disturbance in the global supply chain and mainly the price increase on raw material and components was not expected to be as significant and long lasting as it turned out to be. The operational focus during the year was on securing a stable supply of all critical raw materials, allowing pending projects to be executed and finalized appropriately. Additionally, financial control was intensified to secure the protection of our project margins.

Despite our ability to limit the negative impact from the fierce cost price increase, it was not possible to pass on the extraordinary increases in cost prices to all our clients. The main constraints have been contractual client and project obligations. The unexpected, sudden, and severe challenges have been faced and handled with sufficient urgency and with acceptable financial results.

The significant increase in energy prices during H2 2022 did not affect the financial performance as Labflex A/S had a fixed price agreement on electricity and gas lasting towards the end of 2022. The financial net result was on the contrary affected by the significant increasing interest rates during the fall of 2022.

Compared to 2021 the revenue increased approximately 25% in 2022 and the operational result was realized above budget, whilst the net financial result close to budget.

Conclusively, the financial performance in 2022 is perceived as being satisfying.

Outlook

From a business perspective, 2023 is still to some extend affected by the last year's supply chain challenges and significant cost price increase on raw material and components. The main impact and uncertainties are currently related to the development within energy prices, inflation, and the interest rate.

As a result of price increases and inflation, higher costs are budgeted for 2023. Costs for the ongoing strategic projects carried out during the year have also been included.

Business expansion projects initiated during 2022 are continuing in 2023 and are strategically important to secure a viable diversification of the current core business activities. These projects are supported by both internal and external resources - and include a continued focus on organic growth, operational efficiency improvements and digitalization of both the operational processes and the services offered to our clients across markets and segments. Employee training and retention are also pivotal areas of attention.

The plans for expanding the Labflex A/S business on export markets are developing as planned e.g., expansion in Germany and Switzerland via the Labflex A/S partnerships and in a further strengthening of our UK business through our Labflex Ltd. organization.

The market outlook for 2023 and 2024 is promising as several new and major projects are identified and/or even tendered across markets. Despite a significant and healthy pipeline, uncertainty and risks are related to whether projects will be either postponed or terminated as a consequence of the development within inflation and interest rates and the uncertainty related to the general development in the global economy.

The order intake for 2023 has both been satisfying and shown a positive development. Currently, more than 85 % of the years budgeted revenue has been secured. Consequently, the budgeted 2023 revenue is expected to be achieved and Labflex A/S's management team maintains the initial budget expectations for 2023 showing a positive improvement in both the operational result and the net profit for the year.

Financial risks

Labflex A/S does not have risks beyond what normally characterizes the industry. The management team works purposefully with an ongoing optimization of both the group's costs and liquidity management, including credit assessment of customers. Labflex A/S does not enter speculative business, just as the management, with a view to minimizing the risk of loss-making contracts, continuously assesses ongoing tenders and monitors the tendering process.

Despite not having any extraordinary or significant risks, Labflex A/S's activities do create exposure to a variety of financial risks. These risks include market risk (such as foreign exchange risk and interest rate risk), credit risk and liquidity risk – each can potentially affect Labflex A/S's net result and/or equity. The aim is to reduce the financial risks as much as possible by continuously monitoring and assessing the specific risks and implement mitigating actions accordingly.
Foreign exchange risks are mitigated using cautious tender and contractual terms and using financial

instruments like hedging and SWAP.

Liquidity risk results from Labflex A/S's potential inability to meet the obligation associated with its financial liabilities. The management team continuously works to optimize sales efforts and costs to both secure and increase earnings and the cash flow. Liquidity is managed, evaluated, and reported bi-weekly including two months running forecast.

As in previous years, the company's bank has announced its intention to continue the engagement with the company and the parent company.

As stated in note no. 1, Labflex A/S expects that the negotiations for a new multi-year bank agreement will be implemented in the fall of 2023, including the continued settlement of the company’s bank debt.

Environmental performance

The environment has become a central topic on Labflex A/S's agenda. Labflex A/S has specific plans for both reducing the energy consumption and the carbon footprint - and Labflex A/S also have pending development projects with the aim to support clients in reducing both their operational- and carbon footprint in laboratories.

In Q4 2022 Labflex A/S published the company’s first climate report including a detailed analysis and specification of the energy consumption and carbon emission from the company’s activities.

Labflex A/S runs its business with the highest possible respect for environmental matters – both related to own produced goods and third part sourced products.

The use of polluting auxiliary substances in the production process is very limited.

Research and development activities

Labflex A/S develops new products and maintains its design continuously.

Based on assessments of the specific development activities, development costs are regularly expensed in the income statement or depreciated.

Subsequent events

No events after the balance sheet date have occurred that effects the evaluation of the annual report and e.g., accruals related to provision on debt and project risks or -liabilities are evaluated to be realistic and conservative.

Based on the development in the revenue and financial performance during H1 2023 and the positive order back-log for H2 2023, Labflex A/S's management team continues to operate the company based on going concern.

Income statement

Note		Group		Parent	
		2022 DKK	2021 DKK	2022 DKK	2021 DKK
	Gross profit	**25,885,522**	**19,763,927**	**21,377,223**	**16,169,641**
	Distribution costs	-8,640,100	-4,522,312	-8,640,100	-4,522,312
	Administration costs	-15,159,227	-15,895,739	-11,181,435	-12,059,553
	Operating profit/loss	**2,086,195**	**-654,124**	**1,555,688**	**-412,224**
3	Income from equity investments in group enterprises	0	0	223,447	-624,523
4	Financial income	455,764	2,790,739	752,082	3,144,819
5	Financial expenses	-2,129,767	-1,998,830	-2,119,025	-1,970,287
	Profit before tax	**412,192**	**137,785**	**412,192**	**137,785**
	Tax on profit for the year	0	62,316	0	62,316
	Profit for the year	**412,192**	**200,101**	**412,192**	**200,101**

6 Proposed appropriation account

Balance sheet

ASSETS

Note		Group		Parent	
		31.12.22 DKK	31.12.21 DKK	31.12.22 DKK	31.12.21 DKK
	Completed development projects	2,689,995	2,654,692	2,689,995	2,654,692
	Acquired rights	1,225	1,225	1,225	1,225
7	**Total intangible assets**	**2,691,220**	**2,655,917**	**2,691,220**	**2,655,917**
	Leasehold improvements	1,903,246	2,442,303	1,871,796	2,442,301
	Plant and machinery	3,206,021	3,752,617	3,206,021	3,752,617
	Other fixtures and fittings, tools and equipment	1,420,688	1,389,914	1,420,688	1,389,914
8	**Total property, plant and equipment**	**6,529,955**	**7,584,834**	**6,498,505**	**7,584,832**
10	Deposits	884,972	1,058,616	884,972	1,058,616
	Total investments	**884,972**	**1,058,616**	**884,972**	**1,058,616**
	Total non-current assets	**10,106,147**	**11,299,367**	**10,074,697**	**11,299,365**
	Raw materials and consumables	3,446,516	5,263,421	3,446,516	4,645,169
	Work in progress	1,028,847	660,951	1,028,847	660,951
	Manufactured goods and goods for resale	691,280	212,682	691,280	212,682
	Total inventories	**5,166,643**	**6,137,054**	**5,166,643**	**5,518,802**
11	Work in progress for third parties	19,842,390	12,013,714	10,467,949	5,745,717
	Trade receivables	25,449,179	34,288,068	20,333,465	29,467,869
	Receivables from group enterprises	15,554,917	11,093,533	26,239,174	20,587,663
	Other receivables	1,173,412	1,418,510	806,052	1,106,679
12	Prepayments	1,222,598	1,013,987	1,222,598	1,013,987
13	**Total receivables**	**63,242,496**	**59,827,812**	**59,069,238**	**57,921,915**
14	**Cash**	**14,568,504**	**16,578,422**	**14,376,009**	**16,578,422**
	Total current assets	**82,977,643**	**82,543,288**	**78,611,890**	**80,019,139**
	Total assets	**93,083,790**	**93,842,655**	**88,686,587**	**91,318,504**

Balance sheet

EQUITY AND LIABILITIES

Note		Group 31.12.22 DKK	Group 31.12.21 DKK	Parent 31.12.22 DKK	Parent 31.12.21 DKK
15	Share capital	7,326,193	7,326,193	7,326,193	7,326,193
	Reserve for development costs	2,098,196	2,070,660	2,098,196	2,070,660
	Foreign currency translation reserve	318,007	-97,847	318,007	-97,847
	Retained earnings	8,685,747	8,301,091	8,685,747	8,301,091
	Total equity	**18,428,143**	**17,600,097**	**18,428,143**	**17,600,097**
16	Other provisions	139,558	139,558	139,558	139,558
	Total provisions	**139,558**	**139,558**	**139,558**	**139,558**
17	Subordinate loan capital	12,139,508	11,844,214	12,139,508	11,844,214
17	Lease commitments	184,834	277,680	184,834	277,680
17	Other payables	3,246,465	3,203,669	3,246,465	3,203,669
	Total long-term payables	**15,570,807**	**15,325,563**	**15,570,807**	**15,325,563**
17	Short-term part of long-term payables	764,609	1,852,745	764,609	1,852,745
	Payables to other credit institutions	29,598,970	29,838,690	29,598,970	30,067,594
11	Prepayments received from work in progress for third parties	238,244	0	238,244	0
	Prepayments received from customers	0	3,838,410	0	3,838,410
	Trade payables	18,377,168	15,104,668	14,248,090	11,994,580
	Payables to group enterprises	442,338	422,646	442,338	422,646
	Other payables	9,523,953	9,720,278	9,255,828	10,077,311
	Total short-term payables	**58,945,282**	**60,777,437**	**54,548,079**	**58,253,286**
	Total payables	**74,516,089**	**76,103,000**	**70,118,886**	**73,578,849**
	Total equity and liabilities	**93,083,790**	**93,842,655**	**88,686,587**	**91,318,504**

18 Contingent liabilities
19 Charges and security
20 Related parties

Statement of changes in equity

Figures in DKK	Share capital	Reserve for development costs	Foreign currency translation reserve	Retained earnings	Total equity
Group:					
Statement of changes in equity for 01.01.22 - 31.12.22					
Balance as at 01.01.22	7,326,193	2,070,660	-97,847	8,301,091	17,600,097
Foreign currency translation adjustment of foreign enterprises	0	0	415,854	0	415,854
Transfers to/from other reserves	0	27,536	0	-27,536	0
Net profit/loss for the year	0	0	0	412,192	412,192
Balance as at 31.12.22	7,326,193	2,098,196	318,007	8,685,747	18,428,143
Parent:					
Statement of changes in equity for 01.01.22 - 31.12.22					
Balance as at 01.01.22	7,326,193	2,070,660	-97,847	8,301,091	17,600,097
Foreign currency translation adjustment of foreign enterprises	0	0	415,854	0	415,854
Transfers to/from other reserves	0	27,536	0	-27,536	0
Net profit/loss for the year	0	0	0	412,192	412,192
Balance as at 31.12.22	7,326,193	2,098,196	318,007	8,685,747	18,428,143

Consolidated cash flow statement

Note		Group 2022 DKK	Group 2021 DKK
	Profit for the year	**412,192**	**200,101**
21	Adjustments	5,032,762	2,155,554
	Change in working capital:		
	Inventories	970,411	286,834
	Receivables	-3,241,040	-14,646,228
	Trade payables	3,268,741	6,894,223
	Other payables relating to operating activities	-3,776,802	50,328
	Other provisions	0	-1,710,493
	Cash flows from operating activities before net financials	**2,666,264**	**-6,769,681**
	Interest income and similar income received	455,764	2,497,524
	Interest expenses and similar expenses paid	-2,129,767	-1,705,614
	Income tax paid	0	62,316
	Cash flows from operating activities	**992,261**	**-5,915,455**
	Purchase of intangible assets	-1,131,512	-898,486
	Sale of intangible assets	0	10,593
	Purchase of property, plant and equipment	-1,221,527	-1,351,135
	Sale of property, plant and equipment	17,618	0
	Cash flows from investing activities	**-2,335,421**	**-2,239,028**
	Repayment of lease commitments	-1,228,988	-1,201,495
	Repayment of other long-term payables	386,096	352,438
	Cash flows from financing activities	**-842,892**	**-849,057**
	Total cash flows for the year	**-2,186,052**	**-9,003,540**
	Cash, beginning of year	16,578,422	19,783,550
	Foreign currency translation	415,854	-521,226
	Short-term payables to credit institutions, beginning of year	-29,838,690	-23,519,052
	Cash, end of year	**-15,030,466**	**-13,260,268**
	Cash, end of year, comprises:		
	Cash	14,568,504	16,578,422
	Short-term payables to credit institutions	-29,598,970	-29,838,690
	Total	**-15,030,466**	**-13,260,268**

1. Information as regards going concern

As in previous years, the company's bank has confirmed its intention to continue the engagement with the company and its parent company. The confirmation is valid until 31.12.2023.

The management expects that the negotiations for a new long-term bank agreement will be implemented in the fall of 2023, including the continued settlement of the group's bank debt.

It is the management's assessment, based on the group's realized and budgeted EBITDA, that the Group will be able to continue to settle the debt items over time and to finance its current obligations as they fall due. The management continues to optimize the sales efforts and cost base to ensure both increased earnings and the cash flow.

	Group		Parent	
	2022 DKK	2021 DKK	2022 DKK	2021 DKK

2. Employee aspects

	2022	2021	2022	2021
Wages and salaries	38,174,498	35,383,099	35,331,609	32,708,563
Pensions	2,713,419	2,490,171	2,618,010	2,400,189
Other social security costs	177,737	160,416	177,737	160,416
Other staff costs	418,584	174,873	418,584	174,873
Total	41,484,238	38,208,559	38,545,940	35,444,041
Average number of employees during the year	83	79	78	74

Remuneration for the management:

	2022	2021	2022	2021
Remuneration for the Executive Board and Board of Directors	3,058,324	4,153,289	3,058,324	4,153,289

3. Income from equity investments in group enterprises

	2022	2021	2022	2021
Share of profit or loss of group enterprises	0	0	223,447	-624,523
Total	0	0	223,447	-624,523

4. Financial income

	2022	2021	2022	2021
Interest, group enterprises	418,069	293,216	747,273	669,268
Other interest income	4,809	11,719	4,809	11,719
Foreign currency translation adjustments	32,886	2,485,804	0	2,463,832
Other financial income	37,695	2,497,523	4,809	2,475,551
Total	455,764	2,790,739	752,082	3,144,819

	Group		Parent	
	2022 DKK	2021 DKK	2022 DKK	2021 DKK

5. Financial expenses

Interest, group enterprises	333,333	391,896	333,333	391,896
Other interest expenses	921,843	652,010	921,843	652,010
Foreign exchange losses	429,402	502,817	432,876	502,817
Other financial expenses	445,189	452,107	430,973	423,564
Other financial expenses total	1,796,434	1,606,934	1,785,692	1,578,391
Total	2,129,767	1,998,830	2,119,025	1,970,287

6. Proposed appropriation account

Retained earnings	412,192	200,101	412,192	200,101
Total	412,192	200,101	412,192	200,101

7. Intangible assets

Figures in DKK	Completed development projects	Acquired rights
Group:		
Cost as at 01.01.22	5,119,369	24,500
Additions during the year	1,131,512	0
Cost as at 31.12.22	6,250,881	24,500
Amortisation and impairment losses as at 01.01.22	-2,464,677	-23,275
Amortisation during the year	-1,096,209	0
Amortisation and impairment losses as at 31.12.22	-3,560,886	-23,275
Carrying amount as at 31.12.22	2,689,995	1,225

7. Intangible assets - continued -

Figures in DKK	Completed development projects	Acquired rights
Parent:		
Cost as at 01.01.22	5,119,369	24,500
Additions during the year	1,131,512	0
Cost as at 31.12.22	6,250,881	24,500
Amortisation and impairment losses as at 01.01.22	-2,464,677	-23,275
Amortisation during the year	-1,096,209	0
Amortisation and impairment losses as at 31.12.22	-3,560,886	-23,275
Carrying amount as at 31.12.22	2,689,995	1,225

Development projects relates to development of a new products and internal processes, which are intended to supplement and replace part of the current portfolio of Lab-equipment including optimizing current manufacturing processes and workstream.

8. Property, plant and equipment

Figures in DKK	Leasehold improvements	Plant and machinery	Other fixtures and fittings, tools and equipment
Group:			
Cost as at 01.01.22	5,932,890	14,395,609	6,745,308
Foreign currency translation adjustment of foreign enterprises	-5,974	0	0
Additions during the year	82,503	821,544	317,480
Disposals during the year	0	0	-4,520,173
Cost as at 31.12.22	6,009,419	15,217,153	2,542,615
Depreciation and impairment losses as at 01.01.22	-3,490,587	-10,642,992	-5,355,394
Foreign currency translation adjustment of foreign enterprises	5,972	0	0
Depreciation during the year	-621,558	-1,368,140	-269,088
Reversal of depreciation of and impairment losses on disposed assets	0	0	4,502,555
Depreciation and impairment losses as at 31.12.22	-4,106,173	-12,011,132	-1,121,927
Carrying amount as at 31.12.22	1,903,246	3,206,021	1,420,688
Parent:			
Cost as at 01.01.22	5,821,679	14,395,609	6,745,308
Additions during the year	47,238	821,544	317,480
Disposals during the year	0	0	-4,520,173
Cost as at 31.12.22	5,868,917	15,217,153	2,542,615
Depreciation and impairment losses as at 01.01.22	-3,379,378	-10,642,992	-5,355,394
Depreciation during the year	-617,743	-1,368,140	-269,088
Reversal of depreciation of and impairment losses on disposed assets	0	0	4,502,555
Depreciation and impairment losses as at 31.12.22	-3,997,121	-12,011,132	-1,121,927
Carrying amount as at 31.12.22	1,871,796	3,206,021	1,420,688
Carrying amount of assets held under finance leases as at 31.12.22	0	1,588,213	0

9. Equity investments in group enterprises

Figures in DKK	Equity investments in group enterprises
Parent:	
Cost as at 01.01.22	33,388,309
Cost as at 31.12.22	33,388,309
Depreciation and impairment losses as at 01.01.22	-41,136,928
Foreign currency translation adjustment of foreign enterprises	415,854
Net profit/loss from equity investments	223,447
Negative equity value impaired in receivables	7,109,318
Depreciation and impairment losses as at 31.12.22	-33,388,309
Carrying amount as at 31.12.22	0

Name and registered office:	Ownership interest	Equity DKK	Net profit/loss for the year DKK
Subsidiaries:			
Labflex Ltd., Derby, UK	100%	-7,109,318	223,447

10. Other non-current financial assets

Figures in DKK	Deposits
Group:	
Cost as at 01.01.22	1,703,740
Additions during the year	88,488
Disposals during the year	-22,132
Cost as at 31.12.22	1,770,096
Impairment losses as at 01.01.22	-645,124
Impairment losses during the year	-240,000
Impairment losses as at 31.12.22	-885,124
Carrying amount as at 31.12.22	884,972

10. Other non-current financial assets - continued -

Figures in DKK	Deposits
Parent:	
Cost as at 01.01.22	1,703,740
Additions during the year	88,488
Disposals during the year	-22,132
Cost as at 31.12.22	1,770,096
Impairment losses as at 01.01.22	-645,124
Impairment losses during the year	-240,000
Impairment losses as at 31.12.22	-885,124
Carrying amount as at 31.12.22	884,972

	Group		Parent	
	31.12.22 DKK	31.12.21 DKK	31.12.22 DKK	31.12.21 DKK
11. Work in progress for third parties				
Work in progress for third parties	106,991,782	56,906,310	97,617,341	50,020,061
On-account invoicing	-87,387,636	-48,731,006	-87,387,636	-48,112,754
Over-invoicing set off against trade receivables	0	3,838,410	0	3,838,410
Total work in progress for third parties	19,604,146	12,013,714	10,229,705	5,745,717
Work in progress for third parties is recognized in the balance sheet as:				
Work in progress for third parties	19,842,390	12,013,714	10,467,949	5,745,717
Prepayments received from work in progress for third parties, short-term payables	-238,244	0	-238,244	0
Total	19,604,146	12,013,714	10,229,705	5,745,717

	Group		Parent	
	31.12.22 DKK	31.12.21 DKK	31.12.22 DKK	31.12.21 DKK

12. Prepayments

Other prepayments	1,222,598	1,013,987	1,222,598	1,013,987
Total	1,222,598	1,013,987	1,222,598	1,013,987

13. Receivables

Receivables which fall due for payment more than 1 year after the end of the financial year	0	0	12,576,750	7,441,761

14. Cash

Cash includes a guarantee cover account amounting to t.DKK 13,745 which is pledged as security for debt to the Group's bank and Guarantee company.

15. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK
Share capital	1,465,239	7,326,193
Total		7,326,193

16. Other provisions

Figures in DKK	Warranty commitments
Group:	
Provisions as at 01.01.22	139,558
Provisions as at 31.12.22	139,558
Parent:	
Provisions as at 01.01.22	139,558
Provisions as at 31.12.22	139,558

	Group		Parent	
	31.12.22 DKK	31.12.21 DKK	31.12.22 DKK	31.12.21 DKK

16. Other provisions - continued -

Other provisions are expected to be distributed as follows:				
Non-current liabilities	139,558	139,558	139,558	139,558
Current liabilities	0	0	0	0
Total	139,558	139,558	139,558	139,558

17. Long-term payables

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.22	Total payables at 31.12.21
Group:				
Subordinate loan capital	0	0	12,139,508	11,844,214
Lease commitments	699,276	0	884,110	2,113,098
Other payables	65,333	2,961,852	3,311,798	3,220,996
Total	764,609	2,961,852	16,335,416	17,178,308

17. Long-term payables - continued -

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.22	Total payables at 31.12.21
Parent:				
Subordinate loan capital	0	0	12,139,508	11,844,214
Lease commitments	699,276	0	884,110	2,113,098
Other payables	65,333	2,961,852	3,311,798	3,220,996
Total	764,609	2,961,852	16,335,416	17,178,308

The full amount of the subordinate loan capital ranks after the company's existing and future creditors. The subordinate loan capital carries interest at a rate of 2,5% p.a. and falls due for payment in full when bank loans are fully paid.

18. Contingent liabilities

Group:

Lease commitments

The group has concluded lease agreements with yearly lease payments of t.DKK 5,587, a total of t.DKK 13,694 until termination date. This includes lease agreements concluded with group enterprises, but the agreements are also specified separately below.

The group has concluded lease agreements with a total obligation of t.DKK 11,119.

Parent:

Lease commitments

The company has concluded lease agreements with yearly lease payments of t.DKK 5,587, a total of t.DKK 13,694 until termination date. This includes lease agreements concluded with group enterprises, but the agreements are also specified separately below.

The company has concluded lease agreements with a total obligation of t.DKK 11,119.

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and is liable for income taxes on a pro rata basis and must comply with any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The maximum liability totals an amount corresponding to the share of the capital in the company which is owned directly or indirectly by the ultimate parent. The total tax liability for the jointly taxed companies at the balance sheet date has not yet been determined. For further information, please see the financial statements of the management company Fox3 ApS.

19. Charges and security

Group:

The Group has issued a company pledge of t.DKK 25,000 (2021: t.DKK 25,000) as security for debt to bank. The security comprises inventories and un-secured claims relating to the sale of goods and services as well as goodwill, etc. The company pledge is carrying amount of mortgaged assets is t.DKK 36,775 (2021: t.DKK 41,842).

Moreover, the Group has provided security for all debt to the bank upon the company's investments in Labflex Ltd. The carrying amount of mortgaged investments at 31.12.2022 is t.DKK 0.

The Group has provided a guarantee for Skive Holding ApS as security for the OTC framework.

Parent:

The Group has issued a company pledge of t.DKK 25,000 (2021: t.DKK 25,000) as security for debt to bank. The security comprises inventories and un-secured claims relating to the sale of goods and services as well as goodwill, etc. The company pledge is carrying amount of mortgaged assets is t.DKK 36,775 (2021: t.DKK 41,842).

Moreover, the Group has provided security for all debt to the bank upon the company's investments in Labflex Ltd. The carrying amount of mortgaged investments at 31.12.2022 is t.DKK 0.

The Group has provided a guarantee for Labflex Holding ApS as security for the OTC framework.

20. Related parties

Controlling influence	Basis of influence
Skive Holding ApS, Skive	Ownership
Lars Foghsgaard Holding ApS, Gentofte	Ownership
Fox3 ApS, Gentofte	Ownership

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

Remuneration for the management is specified in note 2. Employee aspects.

The company is included in the consolidated financial statements of the parent Skive Holding ApS, Skive.

21. Adjustments for the cash flow statement

	Group 2022 DKK	Group 2021 DKK
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	3,355,103	3,002,340
Financial income	-455,764	-2,497,524
Financial expenses	2,129,767	1,705,614
Tax on profit or loss for the year	0	-62,316
Other adjustments	3,656	7,440
Total	5,032,762	2,155,554

22. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for medium-sized groups and enterprises in reporting class C with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

22. Accounting policies - continued -

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the reserve for net revaluation according to the equity method in respect of investments measured according to the equity method, and otherwise under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

LEASES

Leases relating to assets where the company has substantially all the risks and benefits incidental to the ownership of the asset (finance leases) are recognised in the balance sheet. On initial recognition, assets held under finance leases and related lease commitments are measured at the lower of the fair value of the leased asset and the present value of future lease payments. Subsequently, assets held under finance leases are treated like other similar assets.

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as payables. Subsequent to initial recognition, lease commitments are measured at amortised cost according to which the interest element of the lease payment is recognised in the income statement over the lease term.

22. Accounting policies - continued -

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

INCOME STATEMENT

Gross profit

Gross profit comprises revenue and production costs as well as other operating income.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from construction contracts involving the delivery of highly customised assets are recognised in the income statement as revenue according to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method).

Production costs

Costs incurred, directly or indirectly, to generate the revenue for the year, including raw materials and consumables, wages and salaries and lease of and depreciation, amortisation and impairment losses on the fixed assets used in the production process, are recognised under production costs.

Distribution costs

Costs for the distribution of goods sold during the year and sales campaigns etc., including wages and salaries for sales staff, advertising and exhibition costs etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used in the distribution and sales activity, are recognised under distribution costs.

Administrative expenses

Expenses incurred during the year for management and administration, including wages and salaries for administrative staff and management as well as office premise expenses, office expenses, bad debts etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used for administration, are recognised under administrative expenses.

22. Accounting policies - continued -

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value DKK
Completed development projects	5-10	
Acquired rights	5-10	0
Leasehold improvements	3-10	0
Plant and machinery	10	0
Other plant, fixtures and fittings, tools and equipment	3-10	0

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Income from equity investments in group entreprises

For equity investments in subsidiaries that in the parent are measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

22. Accounting policies - continued -

Other net financials

Interest income and interest expenses, the interest element of finance lease payments, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Intangible assets

Completed development projects and development projects in progress

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

22. Accounting policies - continued -

Acquired rights

Aquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains or losses on the disposal of intangible assets

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements, plant and machinery as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group entreprises

Equity investments in subsidiaries are recognised and measured according to the equity method in the balance sheet of the parent. For equity investments in subsidiaries, the equity method is considered a measurement method.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments. However, transaction costs on the acquisition of subsidiaries are recognised in the income statement in the consolidated financial statements at the date incurred.

22. Accounting policies - continued -

On subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Equity investments with a negative carrying amount are measured at DKK 0. Receivables that are considered part of the combined investment in the enterprises in question are impaired by any remaining negative equity value. Other receivables from such enterprises are impaired to the extent that such receivables are considered uncollectible. Provisions to cover the remaining negative equity value are recognised to the extent that the parent has a legal or constructive obligation to cover the liabilities of the enterprise in question.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

22. Accounting policies - continued -

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The cost of manufactured finished goods and work in progress is determined as the value of direct and indirect material and labour costs. Production overheads include indirect material and labour costs as well as maintenance and depreciation of machinery, buildings and equipment used in the production process as well as the costs of factory administration and management. Interest on loans arranged to finance production is not included in the cost.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Work in progress for third parties

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is

22. Accounting policies - continued -

measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

The net revaluation of equity investments measured according to the equity method is recognized in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

An amount equivalent to internally generated development costs in the balance sheet is recognised in the financial statements of the parent in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

Unrealised foreign currency gains and losses from the translation of the net investment in independent foreign entities are recognised in equity under the foreign currency translation reserve. The reserve is dissolved when the independent foreign entities are disposed of.

Provisions

Other provisions comprise expected expenses incidental to warranty commitments, loss on work in progress, restructuring etc. and are recognised when the company has a legal or constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realisable value or fair value if the provision

22. Accounting policies - continued -

is expected to be settled over the longer term.

Warranty commitments comprise the obligation to repair defective work within the warranty period of 1-5 years. Warranty commitments are measured at net realisable value and recognised based on previous years' experience with warranty work.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities within the same tax jurisdiction or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates in the respective countries which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

With subordinate loan capital, the creditor has subordinated its claim to those of all other creditors of the company.

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

22. Accounting policies - continued -

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the parent's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables. Cash flows from financing activities also comprise finance lease payments.

Cash and cash equivalents at the beginning and end of the year comprise cash.

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared for the parent as the parent is included in the consolidated cash flow statement.