BEIERHOLM
VI SKABER BALANCE

LABFLEX A/S

Hjorte vej 3, 7800 Skive

CVR no. 55 22 02 12

Annual report for 2023

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 08.05.24

Christian Herskind Jørgensen
Dirigent

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Group information etc.

The company

LABFLEX A/S
Hjorte vej 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
Jan Izak
Marek Krsek

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 01.01.23 - 31.12.23 for LABFLEX A/S.

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

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 31.12.23 and of the results of the group's and parent's activities and of the group's cash flows for the financial year 01.01.23 - 31.12.23.

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, May 8, 2024

Executive Board

Stig Blicher Rasmussen

Board of Directors

Christian Herskind Jørgensen Chairman	Jan Izak	Marek Krsek

To the shareholder of LABFLEX A/S

Opinion

We have audited the consolidated financial statements and financial statements of LABFLEX A/S for the financial year 01.01.23 - 31.12.23, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including 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 financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion the consolidated financial statements and financial statements give a true and fair view of the group's and the company's financial position at 31.12.23 and of the results of the group's and the company's operations and consolidated cash flows for the financial year 01.01.23 - 31.12.23 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements and 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 on the management’s review

Management is responsible for the management’s review.

Our opinion on the consolidated financial statements and financial statements does not cover the 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 financial statements, it is our responsibility 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 the management’s review is in accordance with the consolidated financial statements and 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’s review.

Management's responsibilities for the consolidated financial statements and financial statements

Management is responsible for the preparation of consolidated financial statements and 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and financial statements, management is responsible for assessing the group's and the 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 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 financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and 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 financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and 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 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 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 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 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 financial statements, including the disclosures, and whether the consolidated financial statements and 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.

Soeborg, Copenhagen, May 8, 2024

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	2023	2022	2021	2020	2019
Profit/loss					
Gross profit	30,003	25,886	19,764	17,692	23,490
Operating profit	3,537	2,086	-654	-1,152	1,413
Total net financials	-1,407	-1,674	792	-3,504	-247
Profit for the year	2,130	412	200	-4,656	2,144
EBITDA	6,569	5,609	2,373	2,413	4,610
Balance					
Total assets	89,324	93,084	93,843	83,459	87,871
Investments in property, plant and equipment	1,246	1,222	1,351	1,829	687
Equity	20,438	18,428	17,600	17,921	22,302
Cashflow					
Net cash flow:					
Operating activities	1,624	992	-5,915	5,702	-6,274
Investing activities	-2,250	-2,335	-2,239	-3,326	-1,697
Financing activities	-2,765	-1,083	-849	-815	10,041
Cash flows for the year	-3,391	-2,426	-9,003	1,561	2,070

Ratios

	2023	2022	2021	2020	2019
Profitability					
Return on equity	11%	2%	1%	-23%	10%
Equity ratio					
Solvency ratio	23%	20%	19%	21%	25%

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 01.01.23 - 31.12.23 shows an operating profit of DKK 6,569,383 and a net profit of DKK 2,129,637 against DKK 5,609,375 and DKK 412,192 respectively for the period 01.01.22 - 31.12.22. The balance sheet shows equity of DKK 20,438,442 and a solidity degree increased to 23%.

As part of the 2023 budget process, the management team had expected continued but decreasing operational challenges following the disturbed supply chain conditions and significant price increase on raw material and components during 2022. The outlook for the fiscal year 2023 was, despite challenges, a stable revenue compared to 2022 and improved operational financial performance compared to 2022 due to a continued positive development in the profitability on projects within all market areas.

The operational focus during the year was still to secure a stable supply of all critical raw materials, allowing pending projects to be executed and finalized appropriately. Additionally, financial control was continuing to secure the protection of our project margins.

As the financial performance for 2023 is in line with the initial budget prepared for the year and the H2 running forecasts the result presented in the annual report is perceived as being satisfying.

Outlook

From a business perspective, the order back-log and tender pipeline has shown a satisfying development for 2024 but it is still expected that the financial performance to some extend will be affected by the continued inflation and raw material cost price fluctuations.

Business expansion projects initiated during 2022 and 2023 are continuing in 2024 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 business on export markets are developing as planned e.g., expansion in Germany and Switzerland via the Labflex partnerships and in a further strengthening of our UK business through our Labflex Ltd. organization.

The market outlook for 2024 and 2025 is consequently promising as several new and major projects are identified and/or even tendered across markets. Despite a significant and healthy pipeline, there are some uncertainties and risks related to whether a proportion of the projects will be either postponed or terminated because of the development within inflation and interest rates and the uncertainty related to the general development in the global economy.

The order intake for 2024 has both been satisfying and shown a positive development. Currently, around 70% of the year budgeted revenue has been secured. Consequently, the budgeted 2024 revenue is expected to be achieved and the initial budget expectations for 2024 show a positive improvement in both the operational result and the net profit for the year.

The Group expects a profit before tax at the same level as 2023 for the coming year. The EBITDA is budgeted to mDKK 6.5 – 8.0 in the budget plan.

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' 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' 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 implementing 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' potential inability to meet the obligation associated with its financial liabilities, e.g., paying its suppliers, and fulfilling financial lease obligations. The liquidity is managed, evaluated, and reported bi-weekly including two months running forecast.

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

The management team continuously works to optimize sales efforts and costs to both secure and increase earnings and cash flow.

Environmental performance

The environment has become a central topic on Labflex A/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. This report was in October 2023 followed by Labflex A/S' first detailed ESG report. The second ESG report version based on 2023 data will be issued in the spring of 2024 - and will in the future be issued annually.

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

The main and important event after the balance sheet date was that Labflex with effect February 29th was acquired by the BHM Group which resulted in a complete change of ownership.

The BHM Group owns a large portfolio of diversified companies and among other Köttermann GmbH and Lab-Concept GmbH.

This new ownership has the consequence that Labflex A/S together with the two mentioned sister companies are in process of forming a new division within the BHM Group that provide laboratory solutions to both the European and the global pharma-, life science- and medical industry.

This new laboratory division within the BHM Group will become the 2nd largest provider of laboratory interior solutions within Europe and the 3rd largest globally.

The consequence of the new ownership is that Labflex A/S will be able to continue and further accelerate the expansion in primarily the Central European markets but also internationally – now supported by the strong market presents of the Köttermann GmbH and Lab-Concept GmbH organizations.

As a result of the BHM Groups acquisition Labflex A/S has obtained a strengthening of the financial structure as the balance sheet since December 31st, 2023, has been reduced with DKK 20 million – due to settlement of internal balances with group enterprises. The equity remains unchanged which has resulted in an increase in solidity with around 6%-point to 29 %.

The change of ownership has also resulted in a new bank agreement, which have been implemented as of April 29th 2024. This means that Sydbank as of end-April is the company's new bank.

As a consequence of the above-mentioned statements the Management Team continues to operate the company based on going concern.

Income statement

Note		Group 2023 DKK	Group 2022 DKK	Parent 2023 DKK	Parent 2022 DKK
	Gross profit	**30,003,174**	**25,885,522**	**23,386,964**	**21,377,223**
	Distribution costs	-7,718,379	-8,640,100	-7,718,379	-8,640,100
	Administration costs	-18,734,177	-15,159,227	-14,121,416	-11,181,435
	Other operating expenses	-13,879	0	-13,879	0
	Operating profit	**3,536,739**	**2,086,195**	**1,533,290**	**1,555,688**
2	Income from equity investments in group enterprises	0	0	1,867,325	223,447
3	Financial income	1,454,630	455,764	1,730,269	752,082
4	Financial expenses	-2,861,732	-2,129,767	-3,001,247	-2,119,025
	Profit for the year	**2,129,637**	**412,192**	**2,129,637**	**412,192**

5 Proposed appropriation account

Balance sheet

ASSETS

Note		Group 31.12.23 DKK	Group 31.12.22 DKK	Parent 31.12.23 DKK	Parent 31.12.22 DKK
	Completed development projects	0	2,689,995	0	2,689,995
	Acquired rights	3,266,198	1,225	3,266,198	1,225
6	**Total intangible assets**	**3,266,198**	**2,691,220**	**3,266,198**	**2,691,220**
	Leasehold improvements	1,372,943	1,903,246	1,313,442	1,871,796
	Plant and machinery	3,071,527	3,206,021	3,071,527	3,206,021
	Other fixtures and fittings, tools and equipment	689,385	1,420,688	689,385	1,420,688
7	**Total property, plant and equipment**	**5,133,855**	**6,529,955**	**5,074,354**	**6,498,505**
8	Equity investments in group enterprises	0	0	6,045,176	0
9	Deposits	795,659	884,972	795,659	884,972
	Total investments	**795,659**	**884,972**	**6,840,835**	**884,972**
	Total non-current assets	**9,195,712**	**10,106,147**	**15,181,387**	**10,074,697**
	Raw materials and consumables	3,477,200	3,446,516	3,076,559	3,446,516
	Work in progress	1,035,171	1,028,847	1,035,171	1,028,847
	Manufactured goods and goods for resale	589,763	691,280	589,763	691,280
	Total inventories	**5,102,134**	**5,166,643**	**4,701,493**	**5,166,643**
10	Work in progress for third parties	18,154,066	19,842,390	4,800,815	10,467,949
	Trade receivables	22,781,882	25,449,179	16,514,179	20,333,465
	Receivables from group enterprises	21,210,156	15,554,917	31,858,243	26,239,174
	Other receivables	1,352,994	1,173,412	1,045,210	806,052
11	Prepayments	468,606	1,222,598	468,606	1,222,598
12	**Total receivables**	**63,967,704**	**63,242,496**	**54,687,053**	**59,069,238**
13	**Cash**	**11,058,308**	**14,568,504**	**10,900,162**	**14,376,009**
	Total current assets	**80,128,146**	**82,977,643**	**70,288,708**	**78,611,890**
	Total assets	**89,323,858**	**93,083,790**	**85,470,095**	**88,686,587**

Balance sheet

EQUITY AND LIABILITIES

Note		Group 31.12.23 DKK	Group 31.12.22 DKK	Parent 31.12.23 DKK	Parent 31.12.22 DKK
14	Contributed capital	7,326,193	7,326,193	7,326,193	7,326,193
	Reserve for development costs	0	2,098,196	0	2,098,196
	Foreign currency translation reserve	198,669	318,007	198,669	318,007
	Retained earnings	12,913,580	8,685,747	12,913,580	8,685,747
	Total equity	**20,438,442**	**18,428,143**	**20,438,442**	**18,428,143**
15	Other provisions	0	139,558	0	139,558
	Total provisions	**0**	**139,558**	**0**	**139,558**
16	Subordinate loan capital	12,746,483	12,139,508	12,746,483	12,139,508
16	Lease commitments	60,292	184,834	60,292	184,834
16	Other payables	3,268,332	3,246,465	3,268,332	3,246,465
	Total long-term payables	**16,075,107**	**15,570,807**	**16,075,107**	**15,570,807**
16	Short-term part of long-term payables	217,561	764,609	217,561	764,609
	Payables to other credit institutions	26,876,548	29,598,970	26,876,548	29,598,970
10	Prepayments received from work in progress for third parties	390,267	238,244	390,267	238,244
	Trade payables	18,134,975	18,377,168	14,013,467	14,248,090
	Payables to group enterprises	461,822	442,338	460,209	442,338
	Other payables	6,729,136	9,523,953	6,998,494	9,255,828
	Total short-term payables	**52,810,309**	**58,945,282**	**48,956,546**	**54,548,079**
	Total payables	**68,885,416**	**74,516,089**	**65,031,653**	**70,118,886**
	Total equity and liabilities	**89,323,858**	**93,083,790**	**85,470,095**	**88,686,587**

17 Contingent assets
18 Contingent liabilities
19 Charges and security
20 Related parties

Statement of changes in equity

Figures in DKK	Contributed 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
Statement of changes in equity for 01.01.23 - 31.12.23					
Balance as at 01.01.23	7,326,193	2,098,196	318,007	8,685,747	18,428,143
Foreign currency translation adjustment of foreign enterprises	0	0	-119,338	0	-119,338
Transfers to/from other reserves	0	-2,098,196	0	2,098,196	0
Net profit/loss for the year	0	0	0	2,129,637	2,129,637
Balance as at 31.12.23	7,326,193	0	198,669	12,913,580	20,438,442

Statement of changes in equity

Figures in DKK	Contributed capital	Reserve for development costs	Foreign currency translation reserve	Retained earnings	Total equity
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
Statement of changes in equity for 01.01.23 - 31.12.23					
Balance as at 01.01.23	7,326,193	2,098,196	318,007	8,685,747	18,428,143
Foreign currency translation adjustment of foreign enterprises	0	0	-119,338	0	-119,338
Transfers to/from other reserves	0	-2,098,196	0	2,098,196	0
Net profit/loss for the year	0	0	0	2,129,637	2,129,637
Balance as at 31.12.23	7,326,193	0	198,669	12,913,580	20,438,442

Consolidated cash flow statement

Note		Group 2023 DKK	Group 2022 DKK
	Profit for the year	**2,129,637**	**412,192**
21	Adjustments	4,478,031	5,032,762
	Change in working capital:		
	Inventories	64,509	970,411
	Receivables	-635,896	-3,241,040
	Trade payables	-242,191	3,268,741
	Other payables relating to operating activities	-2,623,310	-3,776,802
	Other provisions	-139,558	0
	Cash flows from operating activities before net financials	**3,031,222**	**2,666,264**
	Interest income and similar income received	1,454,630	455,764
	Interest expenses and similar expenses paid	-2,861,732	-2,129,767
	Cash flows from operating activities	**1,624,120**	**992,261**
	Purchase of intangible assets	-1,003,947	-1,131,512
	Purchase of property, plant and equipment	-1,245,861	-1,221,527
	Sale of property, plant and equipment	0	17,618
	Cash flows from investing activities	**-2,249,808**	**-2,335,421**
	Repayment of payables to credit institutions	-2,722,422	-239,720
	Repayment of lease commitments	-698,016	-1,228,988
	Repayment of other long-term payables	655,268	386,096
	Cash flows from financing activities	**-2,765,170**	**-1,082,612**
	Total cash flows for the year	**-3,390,858**	**-2,425,772**
	Cash, beginning of year	14,568,504	16,578,422
	Foreign currency translation	-119,338	415,854
	Cash, end of year	**11,058,308**	**14,568,504**
	Cash, end of year, comprises:		
	Cash	11,058,308	14,568,504
	Total	**11,058,308**	**14,568,504**

	Group		Parent	
	2023 DKK	2022 DKK	2023 DKK	2022 DKK

1. Employee aspects

Wages and salaries	35,880,815	37,884,960	33,176,934	35,042,071
Pensions	3,017,924	3,002,957	2,711,460	2,907,548
Other social security costs	159,182	177,737	159,182	177,737
Other staff costs	229,687	418,584	229,687	418,584
Total	39,287,608	41,484,238	36,277,263	38,545,940
Average number of employees during the year	75	83	70	78

Remuneration for the management:

Remuneration for the Executive Board and Board of Directors	3,025,485	3,058,324	3,025,485	3,058,324

2. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	0	1,867,325	223,447

	Group		Parent	
	2023 DKK	2022 DKK	2023 DKK	2022 DKK

3. Financial income

Interest, group enterprises	876,013	418,069	1,177,618	747,273
Other interest income	191,336	4,809	191,337	4,809
Foreign currency translation adjustments	36,860	32,886	10,893	0
Foreign exchange gains	350,421	0	350,421	0
Other financial income	578,617	37,695	552,651	4,809
Total	1,454,630	455,764	1,730,269	752,082

4. Financial expenses

Interest, group enterprises	646,559	333,333	646,559	333,333
Other interest expenses	1,871,255	921,843	1,871,255	921,843
Foreign exchange losses	-282	429,402	0	432,876
Other financial expenses	344,200	445,189	483,433	430,973
Other financial expenses	2,215,173	1,796,434	2,354,688	1,785,692
Total	2,861,732	2,129,767	3,001,247	2,119,025

5. Proposed appropriation account

Retained earnings	2,129,637	412,192	2,129,637	412,192

6. Intangible assets

Figures in DKK	Completed development projects	Acquired rights
Group:		
Cost as at 01.01.23	6,250,881	24,500
Additions during the year	0	1,003,947
Disposals during the year	0	-1,034,148
Transfers during the year to/from other items	-6,250,881	7,206,267
Cost as at 31.12.23	0	7,200,566
Amortisation and impairment losses as at 01.01.23	-3,560,886	-23,275
Amortisation during the year	0	-1,171,548
Reversal of amortisation of and impairment losses on disposed assets	0	1,034,148
Transfers during the year to/from other items	3,560,886	-3,773,693
Amortisation and impairment losses as at 31.12.23	0	-3,934,368
Carrying amount as at 31.12.23	0	3,266,198

Figures in DKK	Completed development projects	Acquired rights
Parent:		
Cost as at 01.01.23	6,250,881	24,500
Additions during the year	0	1,003,947
Disposals during the year	0	-1,034,148
Transfers during the year to/from other items	-6,250,881	7,206,267
Cost as at 31.12.23	0	7,200,566
Amortisation and impairment losses as at 01.01.23	-3,560,886	-23,275
Amortisation during the year	0	-1,171,548
Reversal of amortisation of and impairment losses on disposed assets	0	1,034,148
Transfers during the year to/from other items	3,560,886	-3,773,693
Amortisation and impairment losses as at 31.12.23	0	-3,934,368
Carrying amount as at 31.12.23	0	3,266,198

7. Property, plant and equipment

Figures in DKK	Leasehold improvements	Plant and machinery	Other fixtures and fittings, tools and equipment
Group:			
Cost as at 01.01.23	6,009,419	15,217,153	2,542,615
Foreign currency translation adjustment of foreign enterprises	3,227	0	0
Additions during the year	103,526	861,982	280,353
Disposals during the year	-182,040	0	-213,204
Transfers during the year to/from other items	0	0	-955,386
Cost as at 31.12.23	5,934,132	16,079,135	1,654,378
Depreciation and impairment losses as at 01.01.23	-4,106,173	-12,011,132	-1,121,927
Foreign currency translation adjustment of foreign enterprises	-2,503	0	0
Depreciation during the year	-634,553	-996,476	-255,197
Reversal of depreciation of and impairment losses on disposed assets	182,040	0	199,324
Transfers during the year to/from other items	0	0	212,807
Depreciation and impairment losses as at 31.12.23	-4,561,189	-13,007,608	-964,993
Carrying amount as at 31.12.23	1,372,943	3,071,527	689,385
Parent:			
Cost as at 01.01.23	5,868,917	15,217,153	2,542,615
Additions during the year	51,068	861,982	280,353
Disposals during the year	-147,311	0	-213,204
Transfers during the year to/from other items	0	0	-955,386
Cost as at 31.12.23	5,772,674	16,079,135	1,654,378
Depreciation and impairment losses as at 01.01.23	-3,997,121	-12,011,132	-1,121,927
Depreciation during the year	-609,422	-996,476	-255,197
Reversal of depreciation of and impairment losses on disposed assets	147,311	0	199,324
Transfers during the year to/from other items	0	0	212,807
Depreciation and impairment losses as at 31.12.23	-4,459,232	-13,007,608	-964,993
Carrying amount as at 31.12.23	1,313,442	3,071,527	689,385
Carrying amount of assets held under finance leases as at 31.12.23	0	141,483	0

8. Equity investments in group enterprises

Figures in DKK	Equity investments in group enterprises
Parent:	
Cost as at 01.01.23	33,388,309
Additions during the year	11,406,507
Cost as at 31.12.23	44,794,816
Depreciation and impairment losses as at 01.01.23	-33,388,309
Foreign currency translation adjustment of foreign enterprises	-119,338
Net profit/loss from equity investments	1,867,325
Negative equity value impaired in receivables	-7,109,318
Depreciation and impairment losses as at 31.12.23	-38,749,640
Carrying amount as at 31.12.23	6,045,176

Name and registered office:	Ownership interest	Equity DKK	Net profit/loss for the year DKK
Subsidiaries:			
Labflex Ltd., Rotherham, UK	100%	6,045,176	1,867,325

9. Other non-current financial assets

Figures in DKK	Deposits
Group:	
Cost as at 01.01.23	1,770,096
Additions during the year	115,586
Disposals during the year	-84,900
Cost as at 31.12.23	1,800,782
Impairment losses as at 01.01.23	-885,124
Impairment losses during the year	-119,999
Impairment losses as at 31.12.23	-1,005,123
Carrying amount as at 31.12.23	795,659

9. Other non-current financial assets - continued -

Figures in DKK	Deposits
Parent:	
Cost as at 01.01.23	1,770,096
Additions during the year	115,586
Disposals during the year	-84,900
Cost as at 31.12.23	1,800,782
Impairment losses as at 01.01.23	-885,124
Impairment losses during the year	-119,999
Impairment losses as at 31.12.23	-1,005,123
Carrying amount as at 31.12.23	795,659

	Group		Parent	
	31.12.23 DKK	31.12.22 DKK	31.12.23 DKK	31.12.22 DKK
10. Work in progress for third parties				
Work in progress for third parties	118,734,413	106,991,782	105,381,162	97,617,341
On-account invoicing	-100,970,613	-87,387,636	-100,970,613	-87,387,636
Total work in progress for third parties	17,763,800	19,604,146	4,410,549	10,229,705
Work in progress for third parties	18,154,066	19,842,390	4,800,815	10,467,949
Prepayments received from work in progress for third parties, short-term payables	-390,267	-238,244	-390,267	-238,244
Total	17,763,799	19,604,146	4,410,548	10,229,705
11. Prepayments				
Other prepayments	468,606	1,222,598	468,606	1,222,598

Prepayments comprise of prepaid costs, primarily insurance and contingents, which relate to the following financial year.

	Group		Parent	
	31.12.23 DKK	31.12.22 DKK	31.12.23 DKK	31.12.22 DKK

12. Receivables

Receivables which fall due for payment more than 1 year after the end of the financial year	19,299,589	12,845,248	19,299,589	12,845,248

As part of the overall sale of Labflex A/S as per closing 29. february 2024, the current intercompany balances has been paid in full.

13. Cash

Cash includes a guarantee cover account amounting to t.DKK 10,823 which is pledged as security for debt to the Group's bank and Guarantee company.

14. Share capital

The share capital consists of:

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

15. Other provisions

Figures in DKK	Warranty commitments
Group:	
Provisions as at 01.01.23	139,558
Reversed provision in respect of previous years	-139,558
Provisions as at 31.12.23	0
Parent:	
Provisions as at 01.01.23	139,558
Reversed provision in respect of previous years	-139,558
Provisions as at 31.12.23	0

	Group		Parent	
	31.12.23 DKK	31.12.22 DKK	31.12.23 DKK	31.12.22 DKK
15. Other provisions - continued -				
Other provisions are expected to be distributed as follows:				
Non-current liabilities	0	139,558	0	139,558
Current liabilities	0	0	0	0
Total	0	139,558	0	139,558

16. Long-term payables

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.23	Total payables at 31.12.22
Group:				
Subordinate loan capital	0	0	12,746,483	12,139,508
Lease commitments	125,802	0	186,094	884,110
Other payables	91,759	2,903,756	3,360,091	3,311,798
Total	217,561	2,903,756	16,292,668	16,335,416
Parent:				
Subordinate loan capital	0	0	12,746,483	12,139,508
Lease commitments	125,802	0	186,094	884,110
Other payables	91,759	2,903,756	3,360,091	3,311,798
Total	217,561	2,903,756	16,292,668	16,335,416

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 5% p.a. and falls due for payment in full when the Group's bank loans are fully paid. There are no other terms associated with the subordination.

As part of the overall sale of Labflex A/S as per closing 29. february 2024, the subordinate loan capital has been paid in full.

17. Contingent assets

Parent:

The company has a deferred tax asset of t.DKK 30,207, which has not been recognised in the balance sheet. The tax asset can primarily be attributed to tax losses carried forward which are not expected to be utilised within the next 3-5 years. The tax asset can be carried forward indefinitely.

18. Contingent liabilities

Group:

Lease commitments

The Group has entered into rental- and lease agreements with yearly rental- and lease payments of t.DKK 4,980. The total obligation amounts to t.DKK 31,540 until termination date. This includes rental agreements entered into with group enterprises, but these agreements are also specified separately below.

The Group has entered into rental agreements with group enterprises with a total obligation of t.DKK 29,492.

Guarantee commitments

The Group has provided ordinary payment guarantees of t.DKK 12,275 to contractors in regards to its work in progress for third parties.

Parent:

Lease commitments

The company has entered into rental- and lease agreements with yearly rental- and lease payments of t.DKK 4,631. The total obligation amounts to t.DKK 31,511 until termination date. This includes rental agreements entered into with group enterprises, but the agreements are also specified separately below.

The company has entered into rental agreements with group enterprises with a total obligation of t.DKK 29,463.

Guarantee commitments

The company has provided ordinary payment guarantees of t.DKK 12,275 to contractors in regards to its work in progress for third parties.

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 provided a company charge of t.DKK 25,000 (2022: t.DKK 25,000) as security for debt to banks. As at 31.12.23, the company charge comprises the following assets with the following carrying amounts:

- Inventories, DKK 5,102k
- Trade receivables, DKK 22,782k

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

Parent:

The company has provided a company charge of t.DKK 25,000 (2022: t.DKK 25,000) as security for debt to banks. As at 31.12.23, the company charge comprises the following assets with the following carrying amounts:

- Inventories, DKK 4,701k
- Trade receivables, DKK 16,514k

Moreover, the Parent has provided security for all debt to the bank upon the company's investments in Labflex Ltd. The carrying amount of mortgaged investments at 31.12.2023 amounts to t.DKK 6.045.

The Parent has provided a guarantee for Skive 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 1. 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

Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	3,057,775	3,355,103
Other operating expenses	13,879	0
Financial income	-1,454,630	-455,764
Financial expenses	2,861,732	2,129,767
Other adjustments	-725	3,656
Total	4,478,031	5,032,762

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.

22. Accounting policies - continued -

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.

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.

22. Accounting policies - continued -

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.

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.

22. Accounting policies - continued -

Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

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.

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.

22. Accounting policies - continued -

BALANCE SHEET

Intangible assets

Completed development projects

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 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.

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.

22. Accounting policies - continued -

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.

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.

22. Accounting policies - continued -

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.

22. Accounting policies - continued -

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 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.

22. Accounting policies - continued -

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 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.

22. Accounting policies - continued -

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.

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.

22. Accounting policies - continued -

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.