



Fabelgade ApS

Sødalsparken 11
8220 Brabrand
CVR No. 44954265

Annual report 08.07.2024 - 31.12.2024

The Annual General Meeting adopted the
annual report on 07.04.2025

Chlinton Arendahl Nielsen
Chairman of the General Meeting

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Entity details

Entity

Fabelgade ApS
Sødalsparken 11
8220 Brabrand

Business Registration No.: 44954265
Date of foundation: 08.07.2024
Registered office: Aarhus
Financial year: 08.07.2024 - 31.12.2024

Board of Directors

Mark Fitzhugh
Michael Pontoppidan Frost
Chlinton Arendahl Nielsen
Ebbe Matthew Faurschou

Executive Board

Jacob Jakobsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Fabelgade ApS for the financial year 08.07.2024 - 31.12.2024.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2024 and of the results of their operations and the consolidated cash flows for the financial year 08.07.2024 - 31.12.2024.

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

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

Brabrand, 07.04.2025

Executive Board

Jacob Jakobsen

Board of Directors

Mark Fitzhugh

Michael Pontoppidan Frost

Chlinton Arendahl Nielsen

Ebbe Matthew Faurschou

Independent auditor's report

To the shareholders of Fabelgade ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Fabelgade ApS for the financial year 08.07.2024 - 31.12.2024, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2024 and of the results of their operations and the consolidated cash flows for the financial year 08.07.2024 - 31.12.2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

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

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in

Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements and the parent financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

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

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Aarhus, 07.04.2025

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jacob Tækker Nørgaard

State Authorised Public Accountant
Identification No (MNE) mne40049

Management commentary

Financial highlights

	2024 DKK'000
Key figures	
Gross profit/loss	58,747
Operating profit/loss	39,320
Net financials	(3,008)
Profit/loss for the year	27,227
Balance sheet total	754,879
Investments in property, plant and equipment	34,512
Equity	476,819
Cash flows from operating activities	(20,958)
Cash flows from investing activities	(582,903)
Cash flows from financing activities	611,527
Ratios	
Equity ratio (%)	63.16

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

Equity ratio (%):

Equity * 100

Balance sheet total

Primary activities

The Company's activity is to carry on, directly or via shareholdings in other companies, trade, industry and investment activities and any other activities which are related thereto.

The Group develops and supplies unique advanced solutions for mission critical challenges, applying best-in-class technology and an unparalleled understanding of customer requirements to create simple, effective and easy-to-use solutions.

Development in activities and finances

Fabelgade ApS was founded on July 8, 2024, and during the first financial year, the company acquired the subsidiary Chora A/S with the acquisition finalized on October 30, 2024. The previous owners of Chora remain co-owners of the company. Thanks to strong strategic initiatives and the ability to adapt to a dynamic market, we look forward to the coming years.

The income statement of the Group for 2024 shows a profit of DKK 23.104.271 and at 31 December 2024 the balance sheet of the Group shows a positive equity of DKK 472.696.840.

Management is satisfied with the year's results.

Outlook

The Group expects revenue and profit before tax in line with a full financial year of 2024 in 2025.

Knowledge resources

The organisational culture in the Group is based on our vision and values which we all live by. Our most important resources are our employees.

Decision-making is swift, and our employees can influence the agenda with their ideas and visions. We are a dedicated team that appreciates changes beyond normal in our pursuit of creating outstanding solutions and products for our customers.

We work in a relaxed workspace environment with an informal atmosphere. In combination with a professional attitude, it increases the performance levels and job satisfaction of our employees.

Core values are

INTEGRITY	INNOVATION	SECURITY	DRIVE	INFORMALITY
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As the Group is fast-growing, there is ample possibility to grow within the organisation.

We acknowledge the importance of investing in our employees, and competence development is key with focus on, e.g., talent management, diversity, and inclusion.

Environmental performance

We believe it is important to be responsible and accountable for the impacts of our business operations, and therefore, we will actively work with ESG & Sustainability in 2025.

We have chosen to focus on four Sustainability Development Goals initially:

- Climate Action
- Circular Resource Management

- Employer Responsibility
- Gender Equality

The target is to continuously improve the way the Group works with ESG related areas such as protection of Human Rights, Labour Rights and Discrimination, Environmental Responsibility, Work against Corruption and Health and Safety of employees.

Research and development activities

Looking ahead into 2025, we will continue investing in organisational capabilities to support our position. Investments will continue in research and development of new products and Technologies.

Foreign branches

The Group is an international company with subsidiaries in Denmark and Germany.

Events after the balance sheet date

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

Consolidated income statement for 2024

	Notes	2024 DKK
Gross profit/loss		58,746,793
Staff costs	2	(10,029,089)
Depreciation, amortisation and impairment losses	3	(9,395,508)
Other operating expenses		(2,300)
Operating profit/loss		39,319,896
Other financial income	4	110,187
Other financial expenses	5	(3,118,264)
Profit/loss before tax		36,311,819
Tax on profit/loss for the year	6	(9,085,020)
Profit/loss for the year	7	27,226,799

Consolidated balance sheet at 31.12.2024

Assets

	Notes	2024 DKK
Completed development projects	9	1,282,095
Acquired intangible assets		141,028,289
Goodwill		490,580,792
Development projects in progress	9	1,007,605
Intangible assets	8	633,898,781
Land and buildings		26,772,156
Other fixtures and fittings, tools and equipment		4,978,698
Leasehold improvements		1,710,159
Property, plant and equipment	10	33,461,013
Other investments		22,800
Financial assets	11	22,800
Fixed assets		667,382,594
Raw materials and consumables		8,801,844
Inventories		8,801,844
Trade receivables		67,727,673
Other receivables		1,203,703
Prepayments	12	2,097,812
Receivables		71,029,188
Cash		7,665,429
Current assets		87,496,461
Assets		754,879,055

Equity and liabilities

	Notes	2024 DKK
Contributed capital	13	1,856,000
Retained earnings		474,963,368
Equity		476,819,368
Deferred tax	14	31,085,357
Other provisions	15	41,565,339
Provisions		72,650,696
Bank loans		125,000,000
Non-current liabilities other than provisions	16	125,000,000
Bank loans		12,145,676
Prepayments received from customers		17,288,376
Trade payables		2,715,919
Payables to group enterprises		15,662,671
Tax payable		9,626,240
Other payables		22,970,109
Current liabilities other than provisions		80,408,991
Liabilities other than provisions		205,408,991
Equity and liabilities		754,879,055
Events after the balance sheet date	1	
Unrecognised rental and lease commitments	18	
Contingent liabilities	19	
Assets charged and collateral	20	
Non-arm's length related party transactions	21	
Group relations	22	
Subsidiaries	23	

Consolidated statement of changes in equity for 2024

	Contributed capital DKK	Retained earnings DKK	Total DKK
Contributed upon formation	40,000	0	40,000
Increase of capital	1,816,000	447,736,569	449,552,569
Profit/loss for the year	0	27,226,799	27,226,799
Equity end of year	1,856,000	474,963,368	476,819,368

Consolidated cash flow statement for 2024

	Notes	2024 DKK
Operating profit/loss		39,319,896
Amortisation, depreciation and impairment losses		9,395,509
Working capital changes	17	(64,636,848)
Other adjustments		27,618
Cash flow from ordinary operating activities		(15,893,825)
Financial income received		110,187
Financial expenses paid		(3,118,264)
Taxes refunded/(paid)		(2,055,875)
Cash flows from operating activities		(20,957,777)
Acquisition of enterprises, intangible assets, property, plant and equipment		(582,903,401)
Cash flows from investing activities		(582,903,401)
Free cash flows generated from operations and investments before financing		(603,861,178)
Loans raised		181,250,000
Repayments of loans etc.		(46,875,000)
Incurrence of debt to group enterprises		93,750,000
Repayment of debt to group enterprises		(78,125,000)
Cash capital increase		449,552,569
Change in overdraft facility		11,934,038
Other cash flows from financing activities		40,000
Cash flows from financing activities		611,526,607
Increase/decrease in cash and cash equivalents		7,665,429
Cash and cash equivalents end of year		7,665,429
Cash and cash equivalents at year-end are composed of:		
Cash		7,665,429
Cash and cash equivalents end of year		7,665,429

Notes to consolidated financial statements

1 Events after the balance sheet date

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

2 Staff costs

	2024 DKK
Wages and salaries	9,649,674
Other social security costs	379,415
	10,029,089
Average number of full-time employees	48

	Remuneration of management 2024 DKK
Total amount for management categories	206,666
	206,666

3 Depreciation, amortisation and impairment losses

	2024 DKK
Amortisation of intangible assets	8,372,241
Depreciation on property, plant and equipment	1,023,267
	9,395,508

4 Other financial income

	2024 DKK
Other interest income	110,187
	110,187

5 Other financial expenses

	2024
	DKK
Financial expenses from group enterprises	1,106,164
Other interest expenses	1,362,602
Exchange rate adjustments	23,548
Other financial expenses	625,950
	3,118,264

6 Tax on profit/loss for the year

	2024
	DKK
Current tax	9,862,580
Change in deferred tax	(777,560)
	9,085,020

7 Proposed distribution of profit/loss

	2024
	DKK
Retained earnings	27,226,799
	27,226,799

8 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Goodwill DKK	Development projects in progress DKK
Addition through business combinations etc	0	145,278,003	494,703,320	0
Additions	1,282,095	0	0	1,007,605
Cost end of year	1,282,095	145,278,003	494,703,320	1,007,605
Amortisation for the year	0	(4,249,714)	(4,122,528)	0
Amortisation and impairment losses end of year	0	(4,249,714)	(4,122,528)	0
Carrying amount end of year	1,282,095	141,028,289	490,580,792	1,007,605

9 Development projects

Development projects relate to the development of new hardware and software products within communication. At 31 December 2024 there are three projects in progress and the rest are completed projects. The projects are progressing according to plan.

It is expected that the development projects can be utilised within the company's existing markets. All development projects are evaluated to ensure that future earnings justify the carrying amount. The management does not consider that there is a need for impairments in relation to the carrying amount.

10 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Addition through business combinations etc	26,128,803	5,537,404	2,071,191
Additions	715,235	0	59,266
Disposals	0	(27,619)	0
Cost end of year	26,844,038	5,509,785	2,130,457
Depreciation for the year	(71,882)	(531,087)	(420,298)
Depreciation and impairment losses end of year	(71,882)	(531,087)	(420,298)
Carrying amount end of year	26,772,156	4,978,698	1,710,159

11 Financial assets

	Other investments DKK
Addition through business combinations etc	22,800
Cost end of year	22,800
Carrying amount end of year	22,800

12 Prepayments

Prepayments relate to prepaid expenses

13 Contributed capital

	Number	Par value DKK	Nominal value DKK
A-shares	1,856,000	1	1,856,000
	1,856,000		1,856,000

14 Deferred tax

	2024 DKK
Intangible assets	(31,247,896)
Property, plant and equipment	162,539
Deferred tax	(31,085,357)

	2024
	DKK
Changes during the year	
Addition through business combinations etc	(31,862,917)
Recognised in the income statement	777,560
End of year	(31,085,357)

15 Other provisions

Other provisions relate to an earn-out agreement that has been agreed upon between the seller and buyer of Chora Group.

16 Non-current liabilities other than provisions

	Due after more than 12 months
	2024
	DKK
Bank loans	125,000,000
	125,000,000

The bank debt relates to a loan from Sydbank, which will be repaid over the next 5 years.

17 Changes in working capital

	2024
	DKK
Increase/decrease in inventories	581,711
Increase/decrease in receivables	(56,116,904)
Increase/decrease in trade payables etc.	(9,101,655)
	(64,636,848)

18 Unrecognised rental and lease commitments

	2024
	DKK
Total liabilities under rental or lease agreements until maturity	528,043

19 Contingent liabilities

The group participates in a Danish joint taxation arrangement where Solix ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore secondarily liable for income taxes etc for the jointly taxed entities, which is limited to the equity interest by which the entity participates in the Group. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

20 Assets charged and collateral

Assets charged and collateral - Chora A/S mortgage debt is secured by way of mortgage on properties.

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on plant of DKK 18m.

nominal. The carrying amount of mortgaged properties is DKK 26,8m.

Charges and security

The following assets have been placed as security with bankers for Chora A/S: Company charge of TDKK 4,000, which provides security on fixed assets and fixtures, receivables from sale of goods and services, inventories and intangible assets at a total carrying amount of DKK 115m.

The bank loan of DKK 125m in Fabelgade ApS is secured by a pledge on the company's contributed capital in Fabelgade ApS, Chora A/S, Chora Gruppen A/S and Chora GmbH.

21 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report.

No such transactions have been conducted in the financial year.

22 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Desolix S.À.R.L., Grand-Rue 31, 1661 Luxembourg

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Solix Group AB, Neptuniplan 7, 211 18 Malmö

23 Subsidiaries

	Registered in	Corporate form	Ownership %
Chora A/S	Brabrand, Denmark	A/S	100.00
Chora GmbH	München, Germany	GmbH	100.00

Parent income statement for 2024

	Notes	2024 DKK
Staff costs	2	(41,666)
Operating profit/loss		(41,666)
Income from investments in group enterprises		29,077,064
Other financial income	3	261,888
Other financial expenses	4	(2,592,357)
Profit/loss before tax		26,704,929
Tax on profit/loss for the year	5	521,870
Profit/loss for the year	6	27,226,799

Parent balance sheet at 31.12.2024

Assets

	Notes	2024 DKK
Investments in group enterprises		650,481,603
Financial assets	7	650,481,603
Fixed assets		650,481,603
Receivables from group enterprises		17,515,223
Joint taxation contribution receivable		521,870
Receivables		18,037,093
Cash		165,395
Current assets		18,202,488
Assets		668,684,091

Equity and liabilities

	Notes	2024 DKK
Contributed capital		1,856,000
Reserve for net revaluation according to equity method		29,077,064
Retained earnings		445,886,304
Equity		476,819,368
Other provisions	8	41,565,339
Provisions		41,565,339
Bank loans		125,000,000
Non-current liabilities other than provisions	9	125,000,000
Payables to group enterprises		15,662,671
Other payables		9,636,713
Current liabilities other than provisions		25,299,384
Liabilities other than provisions		150,299,384
Equity and liabilities		668,684,091
Events after the balance sheet date	1	
Contingent liabilities	10	
Assets charged and collateral	11	
Related parties with controlling interest	12	
Non-arm's length related party transactions	13	

Parent statement of changes in equity for 2024

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Contributed upon formation	40,000	0	0	40,000
Increase of capital	1,816,000	0	447,736,569	449,552,569
Profit/loss for the year	0	29,077,064	(1,850,265)	27,226,799
Equity end of year	1,856,000	29,077,064	445,886,304	476,819,368

Notes to parent financial statements

1 Events after the balance sheet date

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

2 Staff costs

	2024
	DKK
Wages and salaries	41,666
	41,666
Average number of full-time employees	0

	Remuneration of Manage- ment 2024 DKK
Board of Directors	41,666
	41,666

There are no employees in the company - the costs relate to the remuneration of board members.

3 Other financial income

	2024
	DKK
Financial income from group enterprises	261,854
Other interest income	34
	261,888

4 Other financial expenses

	2024
	DKK
Financial expenses from group enterprises	1,106,164
Other interest expenses	860,243
Other financial expenses	625,950
	2,592,357

5 Tax on profit/loss for the year

	2024
	DKK
Refund in joint taxation arrangement	(521,870)
	(521,870)

6 Proposed distribution of profit and loss

	2024
	DKK
Retained earnings	27,226,799
	27,226,799

7 Financial assets

	Investments in group enterprises DKK
Addition through business combinations etc	621,404,539
Cost end of year	621,404,539
Amortisation of goodwill	(6,155,209)
Share of profit/loss for the year	35,232,273
Revaluations end of year	29,077,064
Carrying amount end of year	650,481,603

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

8 Other provisions

Other provisions relate to an earn-out agreement that has been agreed upon between the seller and buyer of Chora Group.

9 Non-current liabilities other than provisions

	Due after more than 12 months 2024 DKK
Bank loans	125,000,000
	125,000,000

The debt relates to a loan from Sydbank, which will be repaid over the next 5 years.

10 Contingent liabilities

The entity participates in a Danish joint taxation arrangement where Solix ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore secondarily liable for income taxes etc for the jointly taxed entities, which is limited to the equity interest by

which the entity participates in the Group. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

11 Assets charged and collateral

The bank loan of DKK 125m is secured by a pledge on the company's contributed capital in Fabelgade ApS.

12 Related parties with controlling interest

Fabelgatan Teknik AB, Neptuniplan 7, 211 18 Malmö owns the majority of the shares, thus exercising control.

13 Non-arm's length related party transactions

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

Accounting policies

Reporting class

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

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

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

Basis of consolidation

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

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

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

Business combinations

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

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

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

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

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

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

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

Other external expenses

Other external expenses include expenses relating to the Entity's normal activities.

Staff costs

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

Depreciation, amortisation and impairment losses

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

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities, including loss from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

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

Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

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

Tax on profit/loss for the year

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

Balance sheet**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 20 years.

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

Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

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

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

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

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods

used are 5-10 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

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

Property, plant and equipment

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

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

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

	Useful life
Buildings	40 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

For leasehold improvements, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

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

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

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

Other investments

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

Inventories

Inventories are measured at the lower of cost using the weighted average prices and net realisable value.

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

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

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

Receivables

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

Joint taxation contributions payable or receivable

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

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

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

Other provisions

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

On acquisition of enterprises and investments in group enterprises, provisions are made for costs relating to restructuring in the acquired enterprise that were decided and published at the acquisition date at the latest.

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

Other financial liabilities

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

Prepayments received from customers

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

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

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

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

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

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

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

No cash flow statement has been prepared for the Parent as its cash flows are included in the consolidated cash flow statement, refer to section 86(4) of the Danish Financial Statements Act.