BROEN-LAB A/S

Drejervænget 2, 5610 Assens
Company reg. no. 36 45 44 23

Annual Report 2024



Approved at the company's
Annual General Meeting
on 21.05.2025

Chairman
Patrick De Bruin

Addo Sign identifikationsnummer: 1807c382-c33a-4b61-a63c-42ffa656ca73

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Notes:

- To ensure the best possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Executive Board have approved the annual report of BROEN-LAB A/S for the financial year 1 January - 31 December 2024.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2024, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2024.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Assens, 21 May 2025

Executive board

Søren Mundt Sørensen Torsten Heldbjerg Kjeldsen

Board of directors

Henning Birk Nicolajsen Steven Allen Kersten Lucas Aaron Beals

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Independent auditor's report

To the Shareholders of BROEN-LAB A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of BROEN-LAB A/S for the financial year 1 January to 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group the Parent Company, as well as consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2024, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

Basis for conclusion

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 the Parent Company Financial Statements" section of our 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 Company Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group´s and the 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 the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group´s and the 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 the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

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Independent auditor's report

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company 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 company 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 Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 21 May 2025

Grant Thornton
Certified Public Accountants
Company reg. no. 34 20 99 36

Martin Bomholtz
State Authorised Public Accountant
mne34117

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Company information

The company	BROEN-LAB A/S Drejervænget 2 5610 Assens
	Company reg. no. 36 45 44 23 Financial year: 1 January 2024 - 31 December 2024
Board of directors	Henning Birk Nicolajsen Steven Allen Kersten Lucas Aaron Beals
Executive board	Søren Mundt Sørensen Torsten Heldbjerg Kjeldsen
Auditors	Grant Thornton, Godkendt Revisionspartnerselskab Lautrupsgade 11 2100 København Ø
Subsidiaries	BROEN-LAB Singapore PTE. Ltd, Singapore BROEN-LAB Ltd., United Kingdom BROEN-LAB GmbH, Germany BROEN-LAB Sverige AB, Sweden BROEN-LAB Inc., United States

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Consolidated financial highlights

DKK in thousands.	2024	2023	2022	2021	2020
Income statement:					
Gross profit	90.238	94.048	101.052	81.257	62.888
Profit from operating activities	32.458	36.764	33.284	7.708	6.415
Net financials	551	91	-204	-214	-1.875
Net profit or loss for the year	25.700	28.576	26.012	20.139	3.225
Statement of financial position:					
Balance sheet total	138.086	149.680	154.737	152.016	138.781
Investments in property, plant and equipment	2.137	2.365	1.845	973	473
Equity	105.544	117.433	111.280	85.547	79.837
Cash flows:					
Operating activities	39.519	28.449	28.183	7.708	6.415
Investing activities	-4.137	-3.517	-3.210	-1.126	-1.175
Financing activities	-37.300	-22.153	-20.085	2.467	-16.348
Total cash flows	-1.918	2.778	4.887	9.049	0
Employees:					
Average number of full-time employees	77	76	72	70	71
Key figures in %:					
Solvency ratio	76,4	78,5	71,9	56,3	57,5
Return on equity	23,1	25,0	26,4	24,4	4,1

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Solvency ratio

$$\frac{\text{Equity, closing balance x 100}}{\text{Total assets, closing balance}}$$

Return on equity

$$\frac{\text{Net profit or loss for the year x 100}}{\text{Average equity}}$$

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Description of key activities of the company

The Group's primary activity is the manufacturing, trade and servicing of laboratory fittings and emergency showers used in professional laboratories, the educational sector and in industry. The headquarters of the Group is in the city of Assens, Denmark.

Development in activities and financial matters

The operating profit for the year amounted to tDKK 32,458, compared with tDKK 36,764 in 2023.

At the end of the financial year, equity amounted to tDKK 105,544.

Despite challenging global market conditions, the Group's performance remains solid, with a focus on strategic product development and strengthening our cooperation with strategic key accounts. In the second half of the year our industry experienced a lower activity level, which we interpret as a post-COVID effect, as the period after COVID was focused on finalizing existing projects rather than launching new laboratory projects. We see the industry positioned between two peaks – one driven by the surge in demand following the pandemic, and another anticipated as markets stabilize, and new investment cycles begin. The initial peak was fueled by urgent needs for increased production, research capacity, and infrastructure development, particularly in the pharmaceutical and laboratory sectors. Now, as global markets experience a period of stagnation and consolidation, we find ourselves in a transitional phase. While growth has slowed, we anticipate a future resurgence as industries adapt, innovate, and prepare for the next wave of expansion.

This period presents both challenges and opportunities, requiring strategic positioning, product development, and market consolidation to ensure long-term success. Therefore, in 2024, we prioritized innovation and optimization across our core offerings. By strengthening our product portfolio and adapting to shifting industry demands, we have successfully expanded market share in regions where investments in laboratory infrastructure continue, particularly within the pharmaceutical sector, which requires enhanced production and research capabilities. Additionally, our targeted approach to emergency shower solutions has allowed us to solidify our presence in key focus markets and build an organization focused on ensuring sustainable growth in this business area for the years to come.

The dedication, expertise, and adaptability of our employees continue to be our main competitive edge. Their commitment to innovation and excellence has again in 2024 enabled us to navigate industry fluctuations and seize opportunities in key markets. By leveraging their deep industry knowledge and customer-centric approach, we continue to lead product innovation and operational efficiency in our industry – from continuous improvement of our flexible laboratory solutions to cutting-edge innovations like the IoT BROEN-LAB FALCON monitoring system for emergency shower solutions.

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The Group's cash flow before financing improved compared to 2023. Strong cost control measures have enabled us to maintain a healthy cash flow, ensuring financial stability even in a challenging market. By optimizing operations, streamlining expenses, and prioritizing efficiency, we have successfully safeguarded profitability while continuing to invest in strategic growth. The Group's liquid funds are regarded sufficient. A dividend of tDKK 18,675 will be distributed to shareholders.

Given the market situation, the overall result of the Group is considered acceptable.

Expected developments

As we enter 2025, we anticipate a year of modest growth and stable earnings, driven by a balanced approach to market opportunities and operational efficiency. While overall market conditions remain challenging, steady demand in key sectors provides a foundation for continued progress – particularly within the industrial segment for emergency shower solutions, where we see distinct opportunities for growth and differentiation. To pursue our growth opportunities in the industrial segment for emergency shower solutions, we will focus on strengthening our sales team and refining our marketing efforts. By enhancing sales capabilities – including expanding our ESS team with experienced sales profiles – and improving customer engagement, we aim to secure our market position and drive incremental growth. Additionally, targeted marketing initiatives will ensure greater visibility and reinforce our brand's value in a competitive landscape. With a strategic focus on stability and sustainable expansion, as well as further investment in high-potential segments like ESS, we are well-positioned to maintain steady earnings while preparing for future opportunities as the market evolves.

Investment in our sales team and marketing activities will influence our cost base in 2025, while part of the return on this investment will be more long-term. We therefore expect operating profit for 2025 to remain in line with 2024.

Intangible key resources

Investments are made on an ongoing basis in the development of employee competencies.

Research and development activities

The Group does not conduct definite research, but ongoing product development is carried out through its own organization.

Financial risks and the use of financial instruments

The Group has transactions in foreign currency which are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognized in the profit and loss account as an item under net financials. The management does not consider the fluctuations in exchange rates to be attributed to a significant risk for the development of the business. However, the Group continuously monitors foreign currency exposure as international activities expand. Although no significant impact was observed in 2024, the implementation of a formal financial risk policy is under consideration. Interest rate risks are considered low due to minimal reliance on external financing. Liquidity management remains a key focus area.

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Events occurring after the end of the financial year

No events of material significance have occurred after the balance sheet date which requires adjustment or disclosure in the financial statements. Management has assessed post-year-end conditions and finds no significant changes in market position, risk exposure, or capital structure.

Environmental issues – including climate change

The Group recognizes the importance of environmental sustainability in its operations. As part of our commitment to responsible business practices, we are continuously working to reduce the environmental footprint of our manufacturing processes.

The Group follows applicable Danish environmental legislation and remains attentive to regulatory developments, particularly those aligned with EU taxonomy and the Corporate Sustainability Reporting Directive (CSRD).

A separate Sustainability Report for 2024 has been prepared and will be published alongside the Annual Report, providing a more detailed account of our environmental, social, and governance initiatives and progress.

The Sustainability Report will be made available on our corporate website at www.broen-lab.com at the time of publication.

Looking ahead, we will continue to stay committed to aligning our ESG efforts with the applicable standards in force at any given time, including ESRS and other relevant regulatory frameworks.

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Income statement 1 January - 31 December

All amounts in DKK.

Note		Group 2024	Group 2023	Parent 2024	Parent 2023
	Gross profit	**90.237.830**	**94.048.203**	**89.289.763**	**93.430.047**
	Distribution costs	-4.966.094	-5.182.116	-4.286.033	-4.738.136
	Administration expenses	-52.813.300	-52.102.023	-52.635.971	-51.922.624
	Operating profit	**32.458.436**	**36.764.064**	**32.367.759**	**36.769.287**
	Income from investments in group enterprises	0	0	-590	-203.096
	Other financial income	1.418.563	1.271.441	1.403.746	1.254.939
	Other financial expenses	-867.291	-1.180.936	-822.455	-1.144.056
	Financing, net	551.272	90.505	580.701	-92.213
	Profit before tax	**33.009.708**	**36.854.569**	**32.948.460**	**36.677.074**
	Tax for the year	-7.309.989	-8.279.057	-7.248.741	-8.101.562
2	**Profit for the year**	**25.699.719**	**28.575.512**	**25.699.719**	**28.575.512**

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Balance sheet at 31 December

All amounts in DKK.

Assets

Note		Group 2024	Group 2023	Parent 2024	Parent 2023
	Non-current assets				
3	Completed development projects, including patents and similar rights arising from development projects	4.347.278	1.835.281	4.347.278	1.835.281
4	Acquired concessions, patents, licenses, trademarks, and similar rights	1.787.286	5.014.359	1.787.286	7.549.694
5	Goodwill	49.590.560	54.549.715	51.978.919	54.549.715
6	Development projects in progress and prepayments for intangible assets	1.779.823	2.444.076	1.779.823	2.444.076
	Total intangible assets	57.504.947	63.843.431	59.893.306	66.378.766
7	Land and buildings	11.124.266	11.157.418	11.124.266	11.157.418
8	Plant and machinery	1.712.238	2.258.054	1.712.238	2.258.054
9	Other fixtures, fittings, tools and equipment	2.423.312	1.970.346	1.642.008	1.781.326
10	Property, plant and equipment in progress and prepayments for property, plant and equipment	748.044	127.959	748.044	127.959
	Total property, plant, and equipment	16.007.860	15.513.777	15.226.556	15.324.757
11	Investments in group enterprises	0	0	1.416.761	1.343.864
	Total investments	0	0	1.416.761	1.343.864
	Total non-current assets	**73.512.807**	**79.357.208**	**76.536.623**	**83.047.387**

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Balance sheet at 31 December

All amounts in DKK.

Assets

Note		Group 2024	Group 2023	Parent 2024	Parent 2023
	Current assets				
	Raw materials and consumables	16.608.512	17.989.951	16.608.512	17.989.951
	Work in progress	229.916	252.604	229.916	252.604
	Manufactured goods and goods for resale	4.942.442	6.049.719	4.942.442	6.049.719
	Total inventories	21.780.870	24.292.274	21.780.870	24.292.274
	Trade receivables	16.547.934	16.736.982	16.547.934	16.736.982
	Receivables from group enterprises	0	0	896.083	782.088
	Other receivables	781.232	1.106.845	581.415	1.018.001
12	Prepayments	907.514	1.713.134	907.514	1.681.042
	Total receivables	18.236.680	19.556.961	18.932.946	20.218.113
	Cash and cash equivalents	24.556.014	26.473.798	22.659.436	24.529.360
	Total current assets	**64.573.564**	**70.323.033**	**63.373.252**	**69.039.747**
	Total assets	**138.086.371**	**149.680.241**	**139.909.875**	**152.087.134**

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Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities

Note		Group 2024	Group 2023	Parent 2024	Parent 2023
	Equity				
	Contributed capital	19.340.000	19.340.000	19.340.000	19.340.000
	Reserve for development costs	4.779.139	0	4.779.139	3.337.898
	Retained earnings	62.749.473	79.442.726	62.749.473	76.104.828
	Proposed dividend for the financial year	18.675.000	18.650.000	18.675.000	18.650.000
	Total equity	**105.543.612**	**117.432.726**	**105.543.612**	**117.432.726**
	Provisions				
13	Provisions for deferred tax	13.685.871	15.052.462	13.685.871	15.052.462
14	Provisions for investments in group enterprises	0	0	1.892.615	1.794.998
	Total provisions	**13.685.871**	**15.052.462**	**15.578.486**	**16.847.460**
	Liabilities other than provisions				
	Lease liabilities	1.498.648	1.279.358	714.066	1.085.256
15	Total long term liabilities other than provisions	1.498.648	1.279.358	714.066	1.085.256

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Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities

Note		Group 2024	Group 2023	Parent 2024	Parent 2023
15	Current portion of long term liabilities	536.817	487.079	536.817	487.079
	Contract work in progress	0	684.362	0	684.362
	Trade payables	8.635.957	6.552.269	8.635.957	6.539.910
	Payables to group enterprises	0	0	2.463.281	2.217.007
	Income tax payable	711.332	1.075.353	711.332	1.075.353
	Other payables	7.474.134	7.116.632	5.726.324	5.717.981
	Total short term liabilities other than provisions	17.358.240	15.915.695	18.073.711	16.721.692
	Total liabilities other than provisions	**18.856.888**	**17.195.053**	**18.787.777**	**17.806.948**
	Total equity and liabilities	**138.086.371**	**149.680.241**	**139.909.875**	**152.087.134**

1 Employee issues

16 Related parties

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Consolidated statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for development costs	Reserve for foreign currency translation	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2023	19.340.000	0	4.215	84.485.826	7.450.000	111.280.041
Distributed dividend	0	0	0	0	-7.450.000	-7.450.000
Retained earnings for the year	0	0	0	9.925.512	18.650.000	28.575.512
Extraordinary dividend adopted during the financial year	0	0	0	-14.894.791	0	-14.894.791
Foreign currency translation adjustments	0	0	-4.215	0	0	-4.215
Other entries on equity	0	0	0	-73.821	0	-73.821
Equity 1 January 2024	19.340.000	0	0	79.442.726	18.650.000	117.432.726
Distributed dividend	0	0	0	0	-18.650.000	-18.650.000
Retained earnings for the year	0	0	0	7.024.719	18.675.000	25.699.719
Extraordinary dividend adopted during the financial year	0	0	0	-18.650.250	0	-18.650.250
Transferred from retained earnings	0	4.779.139	0	0	0	4.779.139
Exchange rate adjustments	0	0	0	-141.261	0	-141.261
Other entries on equity	0	0	0	-147.322	0	-147.322
Transfer to reserves	0	0	0	-4.779.139	0	-4.779.139
Equity 31 December 2024	**19.340.000**	**4.779.139**	**0**	**62.749.473**	**18.675.000**	**105.543.612**

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Statement of changes in equity of the parent

All amounts in DKK.

	Contributed capital	Reserve for development costs	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2023	19.340.000	2.671.016	81.819.025	7.450.000	111.280.041
Distributed dividend	0	0	0	-7.450.000	-7.450.000
Retained earnings for the year	0	0	9.925.512	18.650.000	28.575.512
Extraordinary dividend adopted during the financial year	0	0	-14.894.791	0	-14.894.791
Transferred from retained earnings	0	666.882	0	0	666.882
Exchange rate adjustments	0	0	63.195	0	63.195
Other entries on equity	0	0	-141.231	0	-141.231
Transfer to reserves	0	0	-666.882	0	-666.882
Equity 1 January 2024	19.340.000	3.337.898	76.104.828	18.650.000	117.432.726
Distributed dividend	0	0	0	-18.650.000	-18.650.000
Retained earnings for the year	0	0	7.024.719	18.675.000	25.699.719
Extraordinary dividend adopted during the financial year	0	0	-18.650.250	0	-18.650.250
Transferred from retained earnings	0	1.441.241	0	0	1.441.241
Exchange rate adjustments	0	0	-141.261	0	-141.261
Other entries on equity	0	0	-147.322	0	-147.322
Transfer to reserves	0	0	-1.441.241	0	-1.441.241
Equity 31 December 2024	**19.340.000**	**4.779.139**	**62.749.473**	**18.675.000**	**105.543.612**

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Statement of cash flows 1 January - 31 December

All amounts in DKK.

Note		Group 2024	2023
	Net profit or loss for the year	25.699.719	28.575.512
17	Adjustments	17.616.744	19.368.621
18	Change in working capital	4.909.303	-11.054.717
	Cash flows from operating activities before net financials	48.225.766	36.889.416
	Interest received, etc.	683.937	444.905
	Interest paid, etc.	-242.925	-34.876
	Cash flows from ordinary activities	48.666.778	37.299.445
	Income tax paid	-9.147.316	-8.850.861
	Cash flows from operating activities	**39.519.462**	**28.448.584**
	Purchase of intangible assets	-2.667.351	-2.062.688
	Purchase of property, plant, and equipment	-1.469.645	-1.454.625
	Cash flows from investment activities	**-4.136.996**	**-3.517.313**
	Long-term payables incurred	0	191.673
	Dividends distributed	-37.300.250	-22.344.791
	Cash flows from financing activities	**-37.300.250**	**-22.153.118**
	Change in cash and cash equivalents	**-1.917.784**	**2.778.153**
	Cash and cash equivalents at 1 January	26.473.798	23.695.645
	Cash and cash equivalents at 31 December	**24.556.014**	**26.473.798**
	Cash and cash equivalents		
	Cash and cash equivalents	24.556.014	26.473.798
	Cash and cash equivalents at 31 December	**24.556.014**	**26.473.798**

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Notes

All amounts in DKK.

		Group		Parent	
		2024	2023	2024	2023
1.	**Employee issues**				
	Salaries and wages	43.353.154	41.583.392	37.857.192	37.510.721
	Pension costs	3.291.426	2.966.046	3.246.404	2.923.415
	Other costs for social security	1.292.248	626.954	285.128	-226.106
	Other staff costs	2.672.103	2.025.065	2.579.119	2.036.839
		50.608.931	**47.201.457**	**43.967.843**	**42.244.869**
	Executive board and board of directors	4.611.907	4.777.349	4.611.907	4.777.349
	Average number of employees	77	76	70	69

2.	**Proposed distribution of net profit**		
	Dividend for the financial year	18.675.000	18.650.000
	Transferred to retained earnings	7.024.719	9.925.512
	Total allocations and transfers	**25.699.719**	**28.575.512**

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All amounts in DKK.

		Group		Parent	
		31/12 2024	31/12 2023	31/12 2024	31/12 2023
3.	**Completed development projects, including patents and similar rights arising from development projects**				
	Cost 1 January	6.461.944	5.990.494	6.461.944	5.990.494
	Additions during the year	3.331.604	0	3.331.604	0
	Transfers	0	471.450	0	471.450
	Cost 31 December	**9.793.548**	**6.461.944**	**9.793.548**	**6.461.944**
	Amortisation and write-down 1 January	-4.626.663	-3.659.497	-4.626.663	-3.659.497
	Amortisation and depreciation for the year	-819.607	-967.166	-819.607	-967.166
	Amortisation and write-down 31 December	**-5.446.270**	**-4.626.663**	**-5.446.270**	**-4.626.663**
	Carrying amount, 31 December	**4.347.278**	**1.835.281**	**4.347.278**	**1.835.281**

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All amounts in DKK.

		Group		Parent	
		31/12 2024	31/12 2023	31/12 2024	31/12 2023
4.	**Acquired concessions, patents, licenses, trademarks, and similar rights**				
	Cost 1 January	27.906.865	27.656.303	30.846.384	30.595.822
	Transfers	120.150	250.562	-2.819.369	250.562
	Cost 31 December	**28.027.015**	**27.906.865**	**28.027.015**	**30.846.384**
	Amortisation and write-down 1 January	-22.892.506	-20.696.219	-23.296.690	-20.953.427
	Amortisation and depreciation for the year	-2.832.236	-2.196.287	-2.832.236	-2.343.263
	Transfers	-514.987	0	-110.803	0
	Amortisation and write-down 31 December	**-26.239.729**	**-22.892.506**	**-26.239.729**	**-23.296.690**
	Carrying amount, 31 December	**1.787.286**	**5.014.359**	**1.787.286**	**7.549.694**
5.	**Goodwill**				
	Cost 1 January	101.309.735	101.309.735	101.309.735	101.309.735
	Transfers	0	0	2.939.519	0
	Cost 31 December	**101.309.735**	**101.309.735**	**104.249.254**	**101.309.735**
	Amortisation and write-down 1 January	-46.760.020	-41.800.964	-46.760.020	-41.800.964
	Amortisation and depreciation for the year	-4.959.056	-4.959.056	-5.106.032	-4.959.056
	Transfers	-99	0	-404.283	0
	Amortisation and write-down 31 December	**-51.719.175**	**-46.760.020**	**-52.270.335**	**-46.760.020**
	Carrying amount, 31 December	**49.590.560**	**54.549.715**	**51.978.919**	**54.549.715**

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All amounts in DKK.

		Group		Parent	
		31/12 2024	31/12 2023	31/12 2024	31/12 2023
6.	**Development projects in progress and prepayments for intangible assets**				
	Cost 1 January	2.444.076	1.103.400	2.444.076	1.103.400
	Additions during the year	2.667.351	2.062.688	2.667.351	2.062.688
	Disposals during the year	-3.331.604	0	-3.331.604	0
	Transfers	0	-722.012	0	-722.012
	Cost 31 December	**1.779.823**	**2.444.076**	**1.779.823**	**2.444.076**
	Carrying amount, 31 December	**1.779.823**	**2.444.076**	**1.779.823**	**2.444.076**
7.	**Land and buildings**				
	Cost 1 January	14.986.876	14.928.355	14.986.876	14.928.355
	Additions during the year	462.154	58.521	462.154	58.521
	Cost 31 December	**15.449.030**	**14.986.876**	**15.449.030**	**14.986.876**
	Depreciation and write-down 1 January	-3.829.458	-3.350.278	-3.829.458	-3.350.278
	Amortisation and depreciation for the year	-495.306	-479.180	-495.306	-479.180
	Depreciation and write-down 31 December	**-4.324.764**	**-3.829.458**	**-4.324.764**	**-3.829.458**
	Carrying amount, 31 December	**11.124.266**	**11.157.418**	**11.124.266**	**11.157.418**

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All amounts in DKK.

		Group		Parent	
		31/12 2024	31/12 2023	31/12 2024	31/12 2023
8.	**Plant and machinery**				
	Cost 1 January	5.603.083	4.833.673	5.603.083	4.833.673
	Additions during the year	0	282.331	0	282.331
	Transfers	0	487.079	0	487.079
	Cost 31 December	**5.603.083**	**5.603.083**	**5.603.083**	**5.603.083**
	Depreciation and write-down 1 January	-3.345.029	-2.796.064	-3.345.029	-2.796.064
	Amortisation and depreciation for the year	-545.816	-548.965	-545.816	-548.965
	Depreciation and write-down 31 December	**-3.890.845**	**-3.345.029**	**-3.890.845**	**-3.345.029**
	Carrying amount, 31 December	**1.712.238**	**2.258.054**	**1.712.238**	**2.258.054**

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All amounts in DKK.

		Group		Parent	
		31/12 2024	31/12 2023	31/12 2024	31/12 2023
9.	**Other fixtures, fittings, tools and equipment**				
	Cost 1 January	9.173.345	8.672.099	7.533.615	7.641.997
	Additions during the year	1.122.479	501.246	387.170	1.411.726
	Disposals during the year	-519.011	0	0	-1.520.108
	Transfers	-886.276	0	-176.118	0
	Cost 31 December	**8.890.537**	**9.173.345**	**7.744.667**	**7.533.615**
	Depreciation and write-down 1 January	-7.202.999	-5.854.182	-5.752.288	-5.389.656
	Amortisation and depreciation for the year	-1.167.485	-2.049.792	-780.851	-1.801.458
	Reversal of depreciation, amortisation and impairment loss, assets disposed of	518.973	700.975	0	1.438.825
	Transfers	1.384.286	0	430.480	0
	Depreciation and write-down 31 December	**-6.467.225**	**-7.202.999**	**-6.102.659**	**-5.752.289**
	Carrying amount, 31 December	**2.423.312**	**1.970.346**	**1.642.008**	**1.781.326**
	Lease assets are recognised at a carrying amount of	1.988.052	1.747.249	1.206.748	1.558.104

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All amounts in DKK.

		Group		Parent	
		31/12 2024	31/12 2023	31/12 2024	31/12 2023
10.	**Property, plant and equipment in progress and prepayments for property, plant and equipment**				
	Cost 1 January	127.959	2.511	127.959	2.511
	Additions during the year	1.287.275	612.527	1.287.275	612.527
	Disposals during the year	-666.954	0	-666.954	0
	Transfers	-236	-487.079	-236	-487.079
	Cost 31 December	**748.044**	**127.959**	**748.044**	**127.959**
	Carrying amount, 31 December	**748.044**	**127.959**	**748.044**	**127.959**

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All amounts in DKK.

		Group		Parent	
		31/12 2024	31/12 2023	31/12 2024	31/12 2023
11.	**Investments in group enterprises**				
	Cost 1 January	0	0	5.021.141	5.021.141
	Cost 31 December	**0**	**0**	**5.021.141**	**5.021.141**
	Writedown, opening balance 1 January	0	0	-3.677.277	-3.770.278
	Net profit or loss for the year before amortisation of goodwill	0	0	-590	-203.096
	Investments with negative equity value depreciated over receivables	0	0	117.477	-75.209
	Investments with negative equity value transferred to provisions	0	0	97.617	329.172
	Other adjustments	0	0	-141.607	42.134
	Writedown 31 December	**0**	**0**	**-3.604.380**	**-3.677.277**
	Carrying amount, 31 December	**0**	**0**	**1.416.761**	**1.343.864**

Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	**Equity DKK**	**Results for the year DKK**	**Carrying amount, BROEN-LAB A/S DKK**
BROEN-LAB Singapore PTE. Ltd, Singapore	100 %	-698.655	84.083	0
BROEN-LAB Ltd., United Kingdom	100 %	-1.193.961	25.540	0
BROEN-LAB GmbH, Germany	100 %	1.373.491	4.127	1.373.491
BROEN-LAB Sverige AB, Sweden	100 %	43.270	-58.382	43.270
BROEN-LAB Inc., United States	100 %	-1.036.174	-55.958	0
		-1.512.029	**-590**	**1.416.761**

Regarding equity investments with negative equity, reference is made to note 14.

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All amounts in DKK.

12. Prepayments

Prepayments under assets consist of expenses relating to the following financial year.

	Group		Parent	
	31/12 2024	31/12 2023	31/12 2024	31/12 2023
13. Provisions for deferred tax				
1 January	15.052.462	15.062.674	15.052.462	15.062.674
Deferred tax relating to the net profit or loss for the year	-1.366.591	-10.212	-1.366.591	-10.212
31 December 2024	**13.685.871**	**15.052.462**	**13.685.871**	**15.052.462**

14. Provisions for investments in group enterprises

Provisions for investments in group enterprises consist subsidiaries with negative equity value as the Parent has a legal obligation to cover liability.

15. Long term labilities other than provisions

	Total payables 31 Dec 2024	Current portion of long term payables	Long term payables 31 Dec 2024	Outstanding payables after 5 years
Group				
Lease liabilities	2.035.465	536.817	1.498.648	0
	2.035.465	**536.817**	**1.498.648**	**0**
Parent				
Lease liabilities	1.250.883	536.817	714.066	0
	1.250.883	**536.817**	**714.066**	**0**

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All amounts in DKK.

16. Related parties

Controlling interest

LI Enterprises LLC, 850 New Burton Road, Suite 201, Dover, 19904 Delaware, USA	Majority shareholder

Transactions

In accordance with the Danish Financial Statements Act §98c, only related party transactions not conducted on an arm's lenght basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

	Group 2024	2023
17. Adjustments		
Depreciation and amortisation	10.888.045	11.200.446
Other financial income	-824.215	-444.905
Other financial expenses	242.925	334.023
Tax for the year	7.309.989	8.279.057
	17.616.744	**19.368.621**
18. Change in working capital		
Change in inventories	2.511.404	-3.324.211
Change in receivables	1.320.281	4.176.720
Change in trade payables and other payables	1.077.618	-11.478.908
Other changes in working capital	0	-428.318
	4.909.303	**-11.054.717**

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Accounting policies

The annual report for BROEN-LAB A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the group and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the group and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

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Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve in the Consolidated Financial Statement. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or write-down for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

The consolidated financial statements

The consolidated income statements comprise the parent company BROEN-LAB A/S and those group enterprises of which BROEN-LAB A/S directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

Consolidation policies

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in group enterprises are eliminated by the proportionate share of the group enterprises' fair value of net assets and liabilities at the acquisition date.

In the consolidated financial statements, the accounting records of the group enterprises are recognised by 100%. The minority interests' share of the profit for the year and of the equity in the group enterprises, which are not 100% owned, is included in the group's profit and equity, but presented separately.

Purchases and sales of minority interests under continuing control are recognised directly in equity as a transaction between shareholders.

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Investments in associates are measured in the statement of financial position at the proportionate share of the enterprises' equity value i calculated in accordance with the parent company's accounting policies and with proportionate elimination of unrealised intercompany gains and losses. In the income statement, the proportional share of the associates' results is recognised after elimination of the proportional share of intercompany gains and losses.

The group activities in joint operations are recognised in the consolidated financial statements record by record.

Income statement

Gross profit

Gross profit comprises revenue, production costs, and other operating income.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Contract work in progress concerning construction contracts is recognised in the revenue concurrently with the production process. Thus, the revenue corresponds to the selling price of the total yearly production (the production method). The revenue is recognised when the total income and costs of the contract and the stage of completion on the reporting date can be reliably validated and it is deemed probable that the financial benefits will flow to the company.

Production costs include the manufacturing and procurement costs incurred to achieve the revenue for the year. irect and indirect manufacturing costs are recognized, including costs for raw materials and consumables, wages and salaries, energy consumption, maintenance, leasing and depreciation on production facilities, with adjustments for changes in finished goods inventories and work in progress.

Furthermore, production costs comprise research costs, development costs which do not meet the criteria for capitalisation, and amortisation of capitalised development costs.

Furthermore, provisions for losses on construction contracts are recognised in case of onerous contracts.

Investment property costs comprise operating costs, repair and maintenance costs, taxes, charges, and other costs. Costs concerning the heating account are recognised in the statement of financial position as a balance with lessees.

Distribution costs

Distribution costs comprise costs incurred for the distribution of goods sold during the year and for sales campaigns carried out during the year. Also, costs concerning sales staff, advertising and exhibitions costs, and amortisations.

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Administration expenses

Administration expenses comprise expenses incurred during the year concerning management and administration, including expenses concerning administrative staff, the executive board, office premises, stationery and office supplies, and depreciations.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Results from investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual entities are recognised in the income statement of the parent as a proportional share of the entities' post-tax profit or loss.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs comprise salaries, wages, and amortisation directly attributable to development activities.

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and write-downs for impairment.

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After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is usually 5 years.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. Goodwill is amortised over the estimated useful life, which is determined on the basis of management's experience in the individual business areas. Goodwill is amortised on a straightline basis over the amortisation period, which is set at 20 years. The amortisation period is determined on the basis of an expected pay-back period, being the longer for strategical acquirees with a strong market position and an expected longterm earnings profile.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Buildings	30 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

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Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Property, plant, and equipment in progress

Property, plant, and equipment in progress are measured and recognised as the total costs incurred. When the work has been completed, the total value is transferred to the relevant item under property, plant, and equipment and is amortised from the date of entry into service.

Leases

The enterprise will be applying IFRS 16 as its basis of interpretation for the recognition of classification and recognition of leases.

Leases pertaining to property, plant, and equipment for which the enterprise has the right-of-use are recognised in the statement of financial position as right-of-use assets. The assets are, at initial recognition, measured at imputed cost, consisting of:

- The imputed lease liability
- Any lease payments paid prior to – or on – the starting date, less any lease incentives received
- Any direct start-up costs
- Any restoring costs

Hereafter, recognised leased assets are treated like the enterprise's remaining property, plant, and equipment.

Lease liabilities are recognised in the statement of financial position as liabilities other than provision and are measured, at initial recognition, at the present value of lease payments payable over the lease term. This includes a purchase option in the event that the enterprise expects to purchase the right-of-use asset. When determining the present value, the internal rate of return or, alternatively, the enterprise's borrowing rate is applied as discount rate.

Hereafter, the lease liability is treated like the remaining financial liabilities, i.e. at amortised cost.

The interest element of the lease payments is recognised in the income statement over the contractual term.

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Investments

Investments in group enterprises

Investments in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in group enterprises are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterprises with a strong market position and a long-term earnings profile.

Investments in group enterprises with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

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Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual work in progress. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual work in progress.

When the selling price of the individual work in progress cannot be determined reliably, the selling price is measured at the costs incurred or at net realisable value, if this is lower.

The individual work in progress is recognised in the statement of financial position under accounts receivables or liabilities. Net assets consist of the sum of the work in progress, where the selling price of the work performed exceeds invoicing on account. Net liabilities consist of the sum of the work in progress, where invoicing on account exceeds the selling price.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

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Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Statement of cash flows

The cash flow statement shows the cash flows of the group for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and group' cash and cash equivalents at the beginning and the end of the year, respectively.

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A cash flow statement for the parent has not been prepared as the cash flows of the enterprise are included in the consolidated cash flow statement, cf. section 86, subsection 4, of the Danish Financial Statements Act.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the group's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under “Interest income and dividend received”.

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the group's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and short-term financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.

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