Polytech
Wind for life

Annual Report 2024

Polytech Group ApS
Industrivej 75 · 6740 Bramming
CVR No. 36459948

The Annual General Meeting adopted the annual report on 27.06.2025

Henrik Lykke Søberg · Chairman of the General Meeting

Contents

Company Details

Company	Polytech Group ApS Industrivej 75 6740 Bramming	
	CVR No.:	36 45 99 48
	Established:	11 December 2014
	Municipality:	Esbjerg
	Financial Year:	1 January - 31 December
Board of Directors	Søren Friis Knudsen, chairman Jacob Wiström Eskil Koffeld Tove Feld Arne Handeland Andreas Damgaard Mads Kirkegaard	
Executive Board	Allan Jan Formann Kristensen	
Auditor	BDO Statsautoriseret revisionsaktieselskab Dokken 8 6700 Esbjerg	

Management's Statement

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Polytech Group ApS for the financial year 1 January - 31 December 2024.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Bramming, 16 May 2025

Executive Board

Allan Jan Formann Kristensen

Board of Directors

Søren Friis Knudsen Chairman	Jacob Wiström	Eskil Koffeld
Tove Feld	Arne Handeland	Andreas Damgaard
Mads Kirkegaard		

Independent Auditor's Report

To the Shareholder of Polytech Group ApS

Opinion

We have audited the Financial Statements of Polytech Group ApS for the financial year 1 January - 31 December 2024, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 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 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 Financial Statements” section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of 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 Financial Statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 Financial Statements.

Independent Auditor's Report

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 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 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 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 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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Plan and perform the audit of the Financial Statements to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the Financial Statements. We are responsible for the direction, supervision and review of the audit work performed. 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.

Independent Auditor's Report

Statement on Management Commentary
Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the 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 Commentary provides the information required under the Danish Financial Statements Act.

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

Esbjerg, 16 May 2025

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Mikael Grosbøl
State Authorised Public Accountant
MNE no. mne33707

Kasper Ladefoged
State Authorised Public Accountant
MNE no. mne49042

Financial Highlights

	2024 EUR '000	2023 EUR '000	2022 EUR '000	2021 EUR '000	2020 EUR '000
Income statement					
Gross profit/loss	3,900	5,329	1,896	6,390	-194
Operating profit/loss of main activities	-2,854	31	-4,125	474	-1,876
Financial income and expenses, net	-2,974	-2,350	-2,038	-372	-340
Profit/loss for the year	-570	-9,665	-5,157	17,238	34,822
Balance sheet					
Total assets	100,967	121,172	131,989	145,215	108,093
Equity	62,467	82,989	83,649	96,919	87,619
Investment in property, plant and equipment	-184	-132	-753	-571	-212
Key ratios					
Equity ratio	61.9	68.5	63.4	66.7	81.1
Return on equity	-0.8	-11.6	-5.7	18.7	50.6

The comparative figures have not been adjusted for the change of accounting policy for the years 2020-2023 regarding the changes mentioned in the Accounting Policies.

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

Equity ratio: $\dfrac{\text{Equity, at year-end} \times 100}{\text{Total assets, at year-end}}$

Return on equity: $\dfrac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

Management Commentary

Principal activities
The Polytech Group's primary activities comprise the development and production of a wide portfolio of products supporting the wind industry. Products are delivered to wind turbine manufacturers (OEMs), Tier1 partners, and wind turbine asset owners and developers.

Polytech Group is offering unique value propositions within five business line areas: Lightning Protection Systems, Leading Edge Protection, Blade Monitoring & Optimization, Transport Equipment Solutions, Performance & Structural Components and future development areas such as subsea solutions.

Development in activities and financial and economic position
The income statement for 2024 shows a loss of TEUR 570 and the balance sheet shows an equity at TEUR 62,467. The development and result are in line with management's expectations. The general market conditions in the wind industry impacts the result for the year.

Profit/loss for the year compared to the expected development
The income from investments in subsidiaries increased significantly from 2023 to 2024 which is caused by a slightly improved revenue and gross margin in the group, the latter also linked to the full year impact of outsourcing the production in Polytech Germany.

Significant events after the end of the financial year
No events have occurred after the end of the financial year of material importance for the Company's financial position.

Future expectations
The company expects the wind industry to be flat in 2025 and in combination with the completed restructuring activities, a slightly positive result for next year is expected.

Income Statement 1 January - 31 December

	Note	2024 EUR '000	2023 EUR '000
Gross profit		**3,900**	**5,329**
Staff costs	1	-4,457	-3,827
Depreciation, amortisation and impairment losses for tangible and intangible assets		-2,220	-1,471
Other operating expenses		-77	0
Operating loss		**-2,854**	**31**
Income from investments in subsidiaries		3,919	-7,254
Other financial income	2	258	966
Other financial expenses	3	-3,232	-3,316
Loss before tax		**-1,909**	**-9,573**
Tax on profit/loss for the year	4	1,339	-92
Loss for the year	5	**-570**	**-9,665**

Balance Sheet at 31 December

Assets

	Note	2024 EUR '000	2023 EUR '000
Completed development projects		1,282	1,972
Acquired intangible assets and licences		10,550	11,230
Intangible assets	6	**11,832**	**13,202**
Land and buildings		5,581	0
Other plant, fixtures and equipment		277	154
Leasehold improvements		851	972
Property, plant and equipment	7	**6,709**	**1,126**
Investments in subsidiaries		72,427	68,454
Receivables from group companies		1,128	1,282
Rent deposit and other receivables		1,171	1,186
Financial non-current assets	8	**74,726**	**70,922**
Non-current assets		**93,267**	**85,250**
Trade receivables		0	7,743
Receivables from group enterprises		3,606	15,866
Deferred tax assets	9	98	1,157
Joint tax contribution receivable		2,605	0
Prepayments	10	524	5,000
Receivables		**6,833**	**29,766**
Cash and cash equivalents		**867**	**6,156**
Current assets		**7,700**	**35,922**
Assets		**100,967**	**121,172**

Balance Sheet at 31 December

Equity and liabilities

	Note	2024 EUR '000	2023 EUR '000
Share Capital		14	14
Reserve for development costs		1,000	1,538
Retained earnings		53,453	81,437
Proposed dividend		8,000	0
Equity		**62,467**	**82,989**
Bank debt		17,000	17,000
Lease liabilities		1,779	0
Non-current liabilities	11	**18,779**	**17,000**
Lease liabilities		223	0
Trade payables		559	819
Debt to group companies		17,362	17,643
Corporation tax payable		209	0
Other liabilities		1,368	2,721
Current liabilities		**19,721**	**21,183**
Liabilities		**38,500**	**38,183**
Equity and liabilities		**100,967**	**121,172**

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Equity

EUR '000	Share Capital	Reserve for development costs	Retained earnings	Proposed dividend	Total
Equity at 1 January 2024	14	1,538	81,437	0	82,989
Proposed profit allocation, see note 5			-28,570	28,000	-570
Transactions with owners					
Extraordinary dividend paid				-20,000	-20,000
Other legal bindings					
Foreign exchange adjustments			152		152
Other adjustments to equity value			-104		-104
Revaluations in the year		-538	538		0
Equity at 31 December 2024	**14**	**1,000**	**53,453**	**8,000**	**62,467**

Notes

	2024 EUR '000	2023 EUR '000
1 | Staff costs		
Average number of full-time employees	33	33
Wages and salaries	4,058	3,458
Pensions	365	335
Social security costs	34	34
	4,457	**3,827**
Remuneration of Management	0	64
Remuneration of Executive Board	69	0
Remuneration of Board of Directors	10	0
	79	**64**

Special incentitve programmes
In 2021, warrants were granted free of charge in Euros HoldCo AB (a parent company) to members of Polytech Group ApS's Executive Board and Board of directors as part of an incentive programme.

A total of 5,178 A-warrants were issued, which each give a right to subscribe (without any pre-emption rights for other shareholders) a share in Euros HoldCo AB of a quota value of SEK 0.025 at a subscription of DKK 1,545.

A total of 5,178 B-warrants were issued, which each give a right to subscribe (without any pre-emption rights for other shareholders) a share in Euros HoldCo AB of a quota value of SEK 0.025 at a subscription price of DKK 1,545. B-warrants can only be exercised if the fair market price of a share of a quota value of SEK 0.025 equals or exceeds DKK 3,091.

A total of 5,178 C-warrants were issued, which each give a right to subscribe (without any pre-emption rights for other shareholders) a share in Euros HoldCo AB of a quota value of SEK 0.025 at a subscription price of DKK 1,545. C-warrants can only be exercised if the fair market price of a share in the Company of a quota value of SEK 0.025 equals or exceeds DKK 4,636.

In 2024, warrants were again granted free of charge in Euros HoldCo AB (a parent company) to members of Polytech Group ApS's Executive Board and Board of directors as part of an incentive programme.

One warrant gives the right to subscribe (without any pre-emption rights for other shareholders) a share in Euros HoldCo AB of a quota value of SEK 0.025 at the below subscription price:

D-warrants: EUR 79.43435
E-warrants: EUR 158.86871
F-warrants: EUR 238.30306

Notes

	2024 EUR '000	2023 EUR '000
2 | Other financial income		
Interest income from group enterprises	153	213
Other interest income	105	753
	258	**966**

	2024 EUR '000	2023 EUR '000
3 | Other financial expenses		
Interest expenses to group enterprises	774	646
Other interest expenses	2,458	2,670
	3,232	**3,316**

	2024 EUR '000	2023 EUR '000
4 | Tax on profit/loss for the year		
Calculated tax on taxable income of the year	-2,338	0
Adjustment of tax in previous years	-59	0
Adjustment of deferred tax	1,058	92
	-1,339	**92**

	2024 EUR '000	2023 EUR '000
5 | Proposed distribution of profit		
Proposed dividend for the year	8,000	0
Extraordinary dividend	20,000	17,000
Retained earnings	-28,570	-26,665
	-570	**-9,665**

Notes

6 | Intangible assets

EUR '000	Completed development projects	Acquired intangible assets and licences
Cost at 1 January 2024	3,037	12,696
Exchange adjustment at closing rate	-4	-17
Disposals	-116	0
Cost at 31 December 2024	**2,917**	**12,679**
Amortisation at 1 January 2024	1,065	1,466
Exchange adjustment at closing rate	-2	-7
Reversal of amortisation of assets disposed of	-39	0
Amortisation for the year	611	670
Amortisation at 31 December 2024	**1,635**	**2,129**
Carrying amount at 31 December 2024	**1,282**	**10,550**

Development projects
Completed development project comprise of the development of a new ERP system which supports the company’s optimization of its processes as planned. A project system has been impaired in 2024, as its use was discontinued.

7 | Property, plant and equipment

EUR '000	Land and buildings	Other plant, fixtures and equipment	Leasehold improvements
Cost at 1 January 2024	0	212	1,178
Change of policy	6,317	23	0
Exchange adjustment at closing rate	0	-1	-1
Additions	0	184	0
Cost at 31 December 2024	**6,317**	**418**	**1,177**
Depreciation and impairment losses at 1 January 2024	0	58	206
Depreciation for the year	736	83	120
Depreciation and impairment losses at 31 December 2024	**736**	**141**	**326**
Carrying amount at 31 December 2024	**5,581**	**277**	**851**
Finance lease assets	5,581	168	

Notes

8 | Financial non-current assets

EUR '000	Investments in subsidiaries	Receivables from group companies	Rent deposit and other receivables
Cost at 1 January 2024	80,411	1,282	1,186
Exchange adjustment at closing rate	-44	-154	-2
Additions	0	0	62
Disposals	0	0	-75
Cost at 31 December 2024	**80,367**	**1,128**	**1,171**
Revaluation at 1 January 2024	-11,957	0	0
Exchange adjustment	99	0	0
Profit/loss for the year	8,360	0	0
Revaluation and impairment losses for the year	-4,442	0	0
Revaluation at 31 December 2024	**-7,940**	**0**	**0**
Carrying amount at 31 December 2024	**72,427**	**1,128**	**1,171**

Investments in subsidiaries

Name and domicil	Ownership
Polytech A/S, Esbjerg	100 %
Polytech Wind Power Technology (Wuxi) Co., Ltd., China	100 %
Polytech Science and Technology Testing (Sheyang) Co., Ltd., China	100 %
Polytech Wind Power Technology Germany GmbH, Germany	100 %
Polytech Wind Power Technology India Private Limited, India	100 %
Polytech Manufacturing Mexico, S. de. R.L. de C.V., Mexico	100 %
Polytech Wind Power Technology Mexico S. de R.L. de S.V., Mexico	100 %
Polytech Wind Power Technology Inc., USA	100 %

Notes

9 | Deferred tax assets

Deferred tax primarily relates to intangible assets and tax loss carryforward.

	2024 EUR '000	2023 EUR '000
Deferred tax assets, beginning of year	1,157	1,249
Deferred tax of the year, income statement	-1,058	-92
Foreign exchange adjustments	-1	0
Deferred tax assets 31 December 2024	**98**	**1,157**

Recognised deferred tax assets is the net amount of tax loss carryforward and differencesbetween the carrying amount and the tax base primarily on intangible assets. Tax loss carryforward is recognised with the amount that is expected to be utilized by the company and jointly taxed companies for the following 3-4 years.

10 | Prepayments

Prepayments consist of prepaid insurance and software lincence fee etc.

11 | Long-term liabilities

EUR '000	31/12 2024 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2023 total liabilities
Bank debt	17,000	0	0	17,000
Lease liabilities	2,002	223	916	0
	19,002	**223**	**916**	**17,000**

12 | Contingencies etc.

Contingent liabilities

Liabilites under rental or lease agreements until maturity constitutes of TEUR 28

Joint liabilities

The Danish companies of the group is jointly and severally liable for tax on the group’s jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group’s jointly taxed income amounts to TEUR 209 at the Balance Sheet date.

Notes

13 | Charges and securities

The group has secured a commitment with GLAS Trust Corporation Limited through a registered company charge of TEUR 24,500 nominal. The registered company charge includes property, plant and equipment, inventories, trade receivables and trade receivables from group enterprises.

The carrying amount of pledged assets amounts to TEUR 15,116.

Furthermore bank loans are secured by pledge of shares in Polytech A/S. The carrying amount of the investment is TEUR 26,513.

14 | Related parties

The Company's related parties include:

Controlling interest
Euros BidCo AB, Stockholm, Sweden (Parent company of Polytech Group ApS)
Euros HoldCo AB, Stockholm, Sweden (Parent company of Euros BidCo AB)

Transactions with related parties
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.

15 | Consolidated Financial Statements

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Euros HoldCo AB, Stockholm, Sweden.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Euros HoldCo AB, Stockholm, Sweden.

Copies of the consolidated financial statements of Euros HoldCo AB may be ordered at the following adress: www.cvr.dk in addition to the financial statement of Polytech Group ApS, reg. no. 36459948.

Accounting Policies

The Annual Report of Polytech Group ApS for 2024 has been presented in accordance with the provisions of the Danish medium-size Financial Statements Act for enterprises in reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year, except for the following changes.

Effects of new and amended accounting standards
IFRS 16 has been implemented as of 1 January 2024, and had a material effect on the balance sheet. Previously, lease contracts for a lessee were classified as either operating or finance leases. IFRS 16 requires the majority of operating leases to be recognized as lease assets with related lease liability, similar to the previous accounting of finance leases. The lease payments, previously accounted for as operating expenses, have been split into an interest expense and a repayment of the lease liability. The right-of-use assets are depreciated over the term of the lease contract. Reported operating profit has increased, as previous operating lease expenses included under cost have been replaced by depreciations and financial expenses. The impact on profit is neutral over time, but a minor timing effect does occur due to frontloading of interest expenses.

There is an impact on assets of 1,775 TEUR, liabilities of 1,832 TEUR, result of 50 TEUR and equity of 50 TEUR.

As a result of the implementation of IFRS 16, IFRS 15 has also been implemented in accordance with its requirements. The implementation of IFRS 15 has not had any financial impact in the financial year 2024.

Comparative figures
The comparative figures in the annual report are not comparable, as IFRS 16 has been implemented, and the comparative figures have not been adjusted in connection with the implementation.

As a result, the comparative figures in the annual report are not comparable.

Consolidated Financial Statements
Consolidated Financial Statements have not been prepared because the group fulfils the exemption provisions of section 112 of the Danish Financial Statements Act on sub-groups. The Company is included in the consolidated Financial Statements of Euros HoldCo AB, Stockholm, Sweden.

Income Statement

Net revenue
Revenue is recognized in accordance with IFRS 15.

Net revenue from sale of goods and services is recognized in the income statement when control over the individual identifiable delivery obligation in the sales agreement transfers to the customer, which, according to the terms of sale, occurs at the time of delivery. Although a sales agreement for the sale of goods often contains multiple delivery obligations, they are treated as a single delivery obligation, as delivery typically occurs at the same time.

The portion of the total consideration that is variable, such as discounts, bonus payments, etc., is first recognized in revenue when it is reasonably certain that there will be no reversal in subsequent periods, for example, due to failure to meet targets, etc.

Other operating income
Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible assets, operating loss and conflict compensations, as well as salary refunds. Compensations are recognised when the income is estimated to be realisable.

Accounting Policies

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables in current assets.

Payments related to operating lease expenses and other lease agreements are recognised in the Income Statement over the contract period. The Company’s total liability concerning operating and other lease agreements are stated under contingencies, etc.

Staff costs
Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees.

Other operating expenses
Other operating expenses include items of a secondary nature in relation to the Group’s and the Company’s activities. Losses from sale of intangible and tangible fixed assets are also included.

Income from investments in subsidiaries
The Income Statement of the Parent Company recognises the proportional share of the results of subsidiaries determined according to the Parent Company’s accounting policies and after full elimination of intercompany profits/losses and deduction of amortisation of goodwill. resulting from purchase price allocation at the date of acquisition, is recognised in the Parent Company’s Income Statement.

Financial income and expenses
Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

Interest and other costs of borrowing for financing of manufacture of current assets and fixed assets are not recognised in the cost price.

Tax
The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

Accounting Policies

Balance Sheet

Intangible fixed assets
Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights and acquired intellectual property rights such as patents, licenses and software.

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 period used is 5 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 over the term of the agreement. The amortisation periods used are 3-20 years. Software is amortised over 3-4 years.

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

Tangible fixed assets
Land and buildings, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Buildings	5-10 years	0 %
Other plant, fixtures and equipment	3-10 years	0 %
Leasehold improvements	5-10 years	0 %

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Accounting Policies

Lease contracts

Lease contracts effective from January 1, 2024.
A lease asset and a lease liability are recognized in the balance sheet when the group, under an entered lease agreement concerning a specific identifiable asset, is provided with the lease asset, and when the group obtains the right to substantially all the economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

Lease liabilities are initially measured at the present value of future lease payments discounted using an alternative borrowing rate.

The lease liability is measured at amortized cost using the effective interest method. The lease liability is remeasured when there are changes in the underlying contractual cash flows from changes in an index or a rate, if there are changes in the group's estimate of a residual value guarantee, or if the group changes its assessment of whether a purchase, extension, or termination option is reasonably certain to be exercised.

The lease asset is initially measured at cost, which corresponds to the value of the lease liability adjusted for prepaid lease payments, plus directly related costs and estimated costs for dismantling, restoration, or similar, and less any received discounts or other types of incentive payments from the lessor.

Subsequently, the asset is measured at cost less accumulated depreciation and impairments. The lease asset is depreciated over the shorter of the lease term and the useful life of the lease asset. Depreciation is recognized linearly in the income statement.

The lease asset is adjusted for changes in the lease liability due to changes in the terms of the lease agreement or changes in the contractual cash flows in line with changes in an index or a rate.

Lease agreements with a term of less than 12 months or of low value are not recognized in the balance sheet.

Lease contracts effective before January 1, 2024.
Lease contracts relating to tangible fixed assets for which the Company bears all material risks and benefits attached to the ownership (finance lease, see IAS 17) are recognised as assets in the Balance Sheet. The assets are at the initial recognition measured at the lower of cost stated at fair value and the and present value of the future lease payments. The internal interest rate of the lease contract, or alternatively the Company's loan interest, is used as discounting factor when calculating the present value. Finance lease assets are hereafter treated as the Group's and the Company's other similar tangible fixed assets.

The capitalised residual lease liability is recognised in the Balance Sheet as a liability and the interest portion of the lease payment is recognised in the Income Statement over the contract period.

All other lease contracts are considered to be operating leases. Payments related to operating leases and other rental agreements are recognised in the Income Statement over the contract period. The Company's total liability relating to operating leases and rental agreements is disclosed as contingencies etc.

Accounting Policies

Financial non-current assets

Investments in subsidiaries are measured in the Parent Company Balance Sheet under the equity method, which is regarded as a method of measuring/consolidation.

Investments in subsidiaries are measured in the Balance Sheet at the proportional share of the enterprises' carrying Equity value, calculated in accordance with the Parent Company's accounting policies with deduction or addition of unrealised intercompany profits or losses, and with addition of remaining additional values and goodwill calculated according to the acquisition method.

The combination method is applied when acquiring enterprises within the Group, where the combination is regarded as completed at the date of acquisition, and by using the carrying amounts of the assets and liabilities acquired.

The difference between the acquisition cost and carrying amounts is recognised directly in equity.

Received dividend is deducted in the carrying amount of the equity investment.

Net revaluation of investments in subsidiaries is transferred under equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Profit and loss at disposal of investments in subsidiaries are determined as the difference between the net selling price and the carrying amount of the disposed investment at the time of sale, including nondepreciated excess values and goodwill. Profit and loss are recognised in the Income Statement under income from investments.

Deposits include rental deposits which are recognised and measured at cost. Deposits are not depreciated.

Other receivables are measured at amortised cost which usually corresponds to the nominal amount. The amount is written down to meet expected losses.

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value,, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Accounting Policies

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Equity

Reserve for development costs

The reserve includes recognised post-tax development costs, which are capitalised as intangible assets. The reserve is reduced concurrently with depreciation of the intangible asset and is dissolved if the asset is discontinued from the operation of the company. Reduction of the reserve takes place via transferring directly to the distributable reserves of the equity.

Fair value reserve for foreign currency translation

The reserve includes a share of foreign currency translation adjustments arisen at translation of the financial statements of entities with another functional currency than Danish Kroner as well as foreign currency translation adjustments regarding assets and liabilities which constitute a share of the company's net investments in such entities. The reserve is dissolved by disposal of foreign entities. In the parent company where investments in subsidiaries, associates and equity investments are subject to the requirement of limitation of the reserve according to equity method, foreign currency translation adjustments will instead be included in the reserve according to the equity method.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Accounting Policies

Liabilities
Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

Foreign currency translation
Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the date when the receivables or payables come into existence recognised in the Income Statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

The Income Statements of foreign subsidiaries and associates fulfilling the concitions for being independent entities are translated at an average exchange rate for the month and the Balance Sheet items are translated at the rate of exchange on the Balance Sheet date. Exchange differences arising from translation of the equity of foreign subsidiaries at the beginning of the year to the rates of the Balance Sheet date and from translation of Income Statements from average rate to the rates of the Balance Sheet date are recognised directly in the equity.

Exchange rate differences recognised in Equity are accumulated in a fair value reserve for currency translation of foreign entities and are transferred to the Income Statement when object of the currency translation is realised or ends. An exception is exchange rate differences arising from translation of Equity interests, which are recognised at Equity value, where the whole value adjustment, including exchange rate differences, are included in the reserve for net valuation according to the Equity value method.

Cash Flow Statement

With reference to Section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.