INIT Denmark A/S

Gladsaxevej 382, 3.
2860 Søborg
CVR No. 19256707

Annual report 2024

The Annual General Meeting adopted the annual report on 27.06.2025

Hans Henrik Ebbensgaard
Chairman of the General Meeting

Contents

Entity details

Entity

INIT Denmark A/S
Gladsaxevej 382, 3.
2860 Søborg

Business Registration No.: 19256707
Registered office: Gladsaxe
Financial year: 01.01.2024 - 31.12.2024

Board of Directors

Knut Akselvoll, chair
Christoffer Arthur Müller
Hans Henrik Ebbensgaard

Executive Board

Hans Henrik Ebbensgaard

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of INIT Denmark A/S for the financial year 01.01.2024 - 31.12.2024.

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 Entity's financial position at 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024.

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

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

Soeborg, 27.06.2025

Executive Board

Hans Henrik Ebbensgaard

Board of Directors

Knut Akselvoll
chair

Christoffer Arthur Müller

Hans Henrik Ebbensgaard

Independent auditor's report

To the shareholders of INIT Denmark A/S

Opinion

We have audited the financial statements of INIT Denmark A/S for the financial year 01.01.2024 - 31.12.2024, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. 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 Entity's financial position at 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity 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 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the 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.

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

- Identify and assess the risks of material misstatement of the 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 Entity's internal control.

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 27.06.2025

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Hans Tauby
State Authorised Public Accountant
Identification No (MNE) mne44339

Marcus Rathje
State Authorised Public Accountant
Identification No (MNE) mne51483

Management commentary

Financial highlights

	2024 DKK'000	2023 DKK'000	2021/22 DKK'000	2020/21 DKK'000	2019/20 DKK'000
Key figures					
Gross profit/loss	315,974	155,100	149,160	100,744	89,604
Operating profit/loss	20,396	32,817	44,919	33,625	22,276
Net financials	(12,051)	(14,426)	(700)	(116)	(112)
Profit/loss for the year	(6,922)	11,282	34,430	26,130	17,040
Total assets	420,822	425,717	283,258	67,793	48,070
Investments in property, plant and equipment	11,092	5,894	2,477	211	41
Equity	291,973	186,906	68,561	33,996	24,906
Average number of employees	347	156	118	95	95
Ratios					
Return on equity (%)	(2.89)	8.83	67.14	88.72	73.00
Equity ratio (%)	69.38	43.90	24.20	50.15	51.81

The period 2024 and 2023 comprises 01.01 - 31.12, while 2021/22 comrpises the period 01.10.2021 - 31.12.2022 (14 months) and 2020/21 and 2019/20 comprises 01.10 - 30.09.

For 2024 and 2023 the numbers are affected by mergers, why the numbers cannot be compared.

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

Return on equity (%):

$$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$$

Equity ratio (%):

$$\frac{\text{Equity} * 100}{\text{Total assets}}$$

Primary activities
The company's activities consist of operating an engineering business. The company specialises in automation for businesses within the fields of environment & energy, pharmaceuticals, food & beverage, and industry.

Development in activities and finances
The income statement for 2024 shows a loss of DKK 6,922,231 compared to a profit of DKK 11,282,151 for the year 2023. The balance sheet shows equity of DKK 291,972,527.

Merger of businesses
With effect from January 1, 2024, the former group related companies INIT Logimatic Engineering A/S, Automation Lab A/S, INIT Daniit A/S and INIT AN Group A/S were merged into INIT Denmark A/S, with INIT Denmark A/S as the ongoing legal entity. The financial figures of 2024 reflect the merged entities combined, while the comparison figures for 2023 only reflect the figures of INIT Denmark A/S.

Profit/loss for the year in relation to expected developments
The outlook in 2023 was a positive result before depreciation and amortisation in the range of DKK 40-50 million for 2024. The Company realized a positive result before depreciation and amortisation of DKK 56.8 million due to synergies in the Company.

Outlook
The Company expects a positive result before depreciation and amortisation in the range of DKK 70-80 million for the coming year.

Use of financial instruments
Interest Rate Risks
The company has a large proportion of variable interest rate liabilities and is therefore exposed to interest rate risk. With SEB, the company has entered into an interest rate cap agreement, which means that the interest rate on a significant portion of the bank debt is fixed within a narrow range until Q1 2026.

Research and development activities
It is crucial for the company to attract, develop, and retain high-quality employees with a corresponding high level of competence. The realisation of the group's goals to ensure quality, knowledge, and know-how at every employee level will be facilitated through recruitment procedures and continuous development of existing employees and their skills. During the year, a significant number of experienced and highly qualified employees have been added to the group. This initiative has strengthened the group's knowledge and competence base.

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

Income statement for 2024

	Notes	2024 DKK	2023 DKK
Gross profit/loss		**315,974,348**	**155,100,495**
Staff costs	1	(258,923,986)	(115,061,717)
Depreciation, amortisation and impairment losses	2	(36,399,716)	(7,222,103)
Other operating expenses		(254,642)	0
Operating profit/loss		**20,396,004**	**32,816,675**
Income from investments in group enterprises		(8,600,782)	(2,372,749)
Other financial income	3	554,380	97,180
Other financial expenses	4	(12,604,952)	(14,523,586)
Profit/loss before tax		**(255,350)**	**16,017,520**
Tax on profit/loss for the year	5	(6,666,881)	(4,735,369)
Profit/loss for the year	6	**(6,922,231)**	**11,282,151**

Balance sheet at 31.12.2024

Assets

	Notes	2024 DKK	2023 DKK
Completed development projects	8	3,596,825	0
Acquired licences		12,714,773	5,697,174
Goodwill		193,249,115	71,870,689
Development projects in progress	8	0	0
Intangible assets	7	**209,560,713**	**77,567,863**
Other fixtures and fittings, tools and equipment		4,614,653	3,873,951
Leasehold improvements		2,949,359	2,345,196
Property, plant and equipment	9	**7,564,012**	**6,219,147**
Investments in group enterprises		36,523,761	242,199,105
Receivables from group enterprises		0	1,001,644
Deposits		2,981,815	1,456,951
Other receivables		3,476,243	0
Financial assets	10	**42,981,819**	**244,657,700**
Fixed assets		**260,106,544**	**328,444,710**
Manufactured goods and goods for resale		11,363,930	473,846
Inventories		**11,363,930**	**473,846**
Trade receivables		94,228,843	61,309,896
Contract work in progress	11	23,762,209	24,358,221
Receivables from group enterprises		17,704,681	909,654
Other receivables		557,819	305,276
Joint taxation contribution receivable		0	3,898,878
Prepayments	12	4,683,601	1,618,826
Receivables		**140,937,153**	**92,400,751**
Cash		**8,414,343**	**4,398,171**
Current assets		**160,715,426**	**97,272,768**
Assets		**420,821,970**	**425,717,478**

Equity and liabilities

	Notes	2024 DKK	2023 DKK
Contributed capital	13	1,000,000	1,000,000
Retained earnings		265,972,527	175,906,020
Proposed dividend		25,000,000	10,000,000
Equity		**291,972,527**	**186,906,020**
Deferred tax	14	1,505,067	8,263,501
Provisions		**1,505,067**	**8,263,501**
Bank loans		34,133,814	154,229,268
Holiday pay obligation		6,892,184	6,892,184
Non-current liabilities other than provisions	15	**41,025,998**	**161,121,452**
Bank loans		2,505,671	0
Prepayments received from customers		453,759	0
Contract work in progress	11	22,413,843	10,217,434
Trade payables		17,606,879	13,731,699
Payables to group enterprises		3,538,669	31,673,632
Payables to shareholders and management		1,247	0
Joint taxation contribution payable		15,947,071	0
Other payables		23,362,046	13,803,740
Deferred income	16	489,193	0
Current liabilities other than provisions		**86,318,378**	**69,426,505**
Liabilities other than provisions		**127,344,376**	**230,547,957**
Equity and liabilities		**420,821,970**	**425,717,478**
Unrecognised rental and lease commitments	17		
Contingent liabilities	18		
Assets charged and collateral	19		
Non-arm's length related party transactions	20		

Statement of changes in equity for 2024

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	1,000,000	175,906,020	10,000,000	186,906,020
Effect of mergers and business combinations	0	(586,368)	0	(586,368)
Group contributions etc	0	112,575,106	0	112,575,106
Profit/loss for the year	0	(21,922,231)	15,000,000	(6,922,231)
Equity end of year	**1,000,000**	**265,972,527**	**25,000,000**	**291,972,527**

Notes

1 Staff costs

	2024 DKK	2023 DKK
Wages and salaries	229,974,434	101,194,924
Pension costs	26,123,023	12,642,826
Other social security costs	2,826,529	1,223,967
	258,923,986	**115,061,717**

Average number of full-time employees	347	156

In accordance with section 98b, subsection 3, number 2 of the Danish Financial Statements Act, the management remuneration is not disclosed.

2 Depreciation, amortisation and impairment losses

	2024 DKK	2023 DKK
Amortisation of intangible assets	32,620,834	5,441,934
Depreciation of property, plant and equipment	3,778,882	1,780,169
	36,399,716	**7,222,103**

3 Other financial income

	2024 DKK	2023 DKK
Financial income from group enterprises	244,813	46,411
Other interest income	137,492	48,655
Exchange rate adjustments	172,075	0
Other financial income	0	2,114
	554,380	**97,180**

4 Other financial expenses

	2024 DKK	2023 DKK
Financial expenses from group enterprises	187,496	0
Other interest expenses	11,881,056	14,482,549
Other financial expenses	536,400	41,037
	12,604,952	**14,523,586**

5 Tax on profit/loss for the year

	2024 DKK	2023 DKK
Current tax	15,947,070	538,626
Change in deferred tax	(9,227,614)	4,196,743
Adjustment concerning previous years	(52,575)	0
	6,666,881	**4,735,369**

6 Proposed distribution of profit and loss

	2024 DKK	2023 DKK
Ordinary dividend for the financial year	15,000,000	10,000,000
Retained earnings	(21,922,231)	1,282,151
	(6,922,231)	**11,282,151**

7 Intangible assets

	Completed development projects DKK	Acquired licences DKK	Goodwill DKK	Development projects in progress DKK
Cost beginning of year	0	6,376,433	88,041,232	0
Addition through business combinations etc	0	0	173,920,384	2,152,741
Transfers	3,853,741	0	0	(3,853,741)
Additions	0	11,255,475	0	1,701,000
Disposals	0	(323,850)	0	0
Cost end of year	**3,853,741**	**17,308,058**	**261,961,616**	**0**
Amortisation and impairment losses beginning of year	0	(679,259)	(16,170,543)	0
Addition through business combinations etc	0	0	(24,161,274)	0
Amortisation for the year	(256,916)	(3,983,234)	(28,380,684)	0
Reversal regarding disposals	0	69,208	0	0
Amortisation and impairment losses end of year	**(256,916)**	**(4,593,285)**	**(68,712,501)**	**0**
Carrying amount end of year	**3,596,825**	**12,714,773**	**193,249,115**	**0**

8 Development projects

Development projects pertain to the development of a feeding system for use in the company's operations. It is assessed that the recognised development projects can generate future cash flows, partly by creating a new market and also by selling in already existing markets.

With reference to section 83, subsection 2 of the Danish Financial Statements Act, the deferred tax recognised in the balance sheet has been offset against the capitalised costs related to development projects in the reserve for development costs tied to equity.

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	9,636,322	4,599,889
Addition through business combinations etc	6,367,617	1,913,849
Transfers	(460,929)	296,638
Additions	1,617,868	1,192,265
Disposals	(3,037,786)	(776,202)
Cost end of year	**14,123,092**	**7,226,439**
Depreciation and impairment losses beginning of year	(5,762,371)	(2,254,693)
Addition through business combinations etc	(5,043,466)	(924,657)
Transfers	440,893	(276,331)
Depreciation for the year	(2,181,281)	(1,597,601)
Reversal regarding disposals	3,037,786	776,202
Depreciation and impairment losses end of year	**(9,508,439)**	**(4,277,080)**
Carrying amount end of year	**4,614,653**	**2,949,359**

10 Financial assets

	Investments in group enterprises DKK	Receivables from group enterprises DKK	Deposits DKK	Other receivables DKK
Cost beginning of year	264,393,804	1,001,644	1,456,951	0
Addition through business combinations etc	66	0	1,567,685	0
Disposals on divestments etc	(198,869,294)	(1,001,644)	0	0
Additions	1,517,107	0	407,899	3,476,243
Disposals	(17,690,776)	0	(450,720)	0
Cost end of year	**49,350,907**	**0**	**2,981,815**	**3,476,243**
Impairment losses beginning of year	(22,194,699)	0	0	0
Addition through business combinations etc	528,307	0	0	0
Disposals on divestments etc	13,323,252	0	0	0
Amortisation of goodwill	(4,584,189)	0	0	0
Share of profit/loss for the year	4,125,371	0	0	0
Dividend	(9,000,000)	0	0	0
Reversal regarding disposals	4,974,812	0	0	0
Impairment losses end of year	**(12,827,146)**	**0**	**0**	**0**
Carrying amount end of year	**36,523,761**	**0**	**2,981,815**	**3,476,243**

Additions through business combinations etc. and disposals on divestments etc. relates to changes due to the merger of INIT Denmark A/S and four subsidiaries.

In the carrying amount end of year DKK 26,266,768 relates to goodwill.

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Init 3Tech A/S	Denmark	A/S	100.00
AN Group Balkan DOO	Serbia	DOO	100.00

11 Contract work in progress

	2024 DKK	2023 DKK
Contract work in progress	126,742,847	87,671,681
Progress billings regarding contract work in progress	(125,394,481)	(73,530,894)
Transferred to liabilities other than provisions	22,413,843	10,217,434
	23,762,209	**24,358,221**

12 Prepayments

The accounting item consists of prepaid expenses related to 2025.

13 Share capital

	Number	Par value DKK
Share capital	1,000	1,000,000
	1,000	

14 Deferred tax

Changes during the year	2024 DKK	2023 DKK
Beginning of year	1,505,067	8,263,501
End of year	**1,505,067**	**8,263,501**

Deferred tax relates to intangible assets, property, plant and equipment, inventories and other provisions.

15 Non-current liabilities other than provisions

	Due after more than 12 months 2024 DKK	Outstanding after 5 years 2024 DKK
Bank loans	34,133,814	0
Holiday pay obligation	6,892,184	6,892,184
	41,025,998	**6,892,184**

16 Deferred income

The accounting item consists of prepayments from customers.

17 Unrecognised rental and lease commitments

	2024 DKK	2023 DKK
Liabilities under rental or lease agreements until maturity in total	6,674,467	1,340,540

18 Contingent liabilities

	2024 DKK	2023 DKK
Recourse and non-recourse guarantee commitments	5,679,835	1,436,000
Contingent liabilities	**5,679,835**	**1,436,000**

Guarantee obligations
The company has provided the following guarantees to third parties through its financial institution:
Payment guarantees of DKK 324 thousand, of which DKK 197 thousand is to the landlord.

Work guarantees of DKK 1,112 thousand.

The Entity participates in a Danish joint taxation arrangement where AX VI INV6 Holding III ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

19 Assets charged and collateral

The company has not pledged any assets or provided any other security.

20 Non-arm’s length related party transactions

Only related party transactions not conducted on an arm’s length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

Accounting policies

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

Adjustments in comparison figures
The Entity has reclassified salary refunds from staff costs to other operating income. For the comparison year, the reclassification has led to an increase in staff costs and other operating income of t.DKK 883, respectively. For 2024, the increase in staff costs and other operating income is t.DKK 3,699, respectively. This has no effect on net profit/loss for either financial year.

Merger of businesses
With effect from January 1, 2024, the former group related companies INIT Logimatic Engineering A/S, Automation Lab A/S, INIT Daniit A/S and INIT AN Group A/S were merged into INIT Denmark A/S, with INIT Denmark A/S as the ongoing legal entity. The financial figures of 2024 reflect the merged entities combined, while the comparison figures for 2023 only reflect the figures of INIT Denmark A/S.

Consolidated financial statements
Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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

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

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

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

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

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

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

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

The uniting-of-interests method is applied on acquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc where the enterprises concerned are controlled by the Parent. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity. The comparative figures are restated.

Income statement

Gross profit or loss

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

Revenue

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

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds.

Cost of sales

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

Other external expenses

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

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

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

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

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

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

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

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

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually.

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

Intellectual property rights etc

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

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

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

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.

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.

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

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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 asset.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

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

	Useful life
Other fixtures and fittings, tools and equipment	2
Leasehold improvements	3
Goodwill	7

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.
Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

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

Goodwill is the positive difference between cost of investments and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 7 years.
Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

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

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

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

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

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

Contract work in progress
Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet in receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.
Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred. However, costs which arise directly from securing contracts and which are expected to be recovered, are recognised over the term of the contract.

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

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

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

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

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

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

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

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

Deferred income
Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, the Entity has prepared no cash flow statement as such statement is included in the consolidated cash flow statement of Init Group ApS, Business Reg. No. 42896136.