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Annual Report 2024



Sprout

SPROUT HOLDING ApS

Dronningens Tværgade 7A,
Ground floor & 1st floor
DK-1302 Copenhagen K
Denmark
CVR No. 35866787

Annual Report 2024

The Annual General Meeting adopted
the annual report on 30.06.2025

Michael Stausholm
Chairman of the General Meeting

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Entity details

Entity

SPROUT HOLDING ApS

Dronningens Tværgade 7 A, st.

1302 København K

Business Registration No.: 35866787

Registered office: København

Financial year: 01.01.2024 - 31.12.2024

Board of Directors

Johan Askari Bülow

Michael Stausholm Christiansen

Executive Board

Michael Stausholm Christiansen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of SPROUT HOLDING ApS 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 consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2024 and of the results of their operations and the consolidated cash flows for the financial year 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.

Copenhagen, 30.06.2025

Executive Board

Michael Stausholm Christiansen

Board of Directors

Johan Askari Bülow

Michael Stausholm Christiansen

Independent auditor's extended review report

To the shareholders of SPROUT HOLDING ApS

Conclusion

We have performed an extended review of the consolidated financial statements and the parent financial statements of SPROUT HOLDING ApS 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, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2024 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2024 - 31.12.2024 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the consolidated financial statements and the parent financial statements" section. 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting 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 extended review of the consolidated financial statements and the parent financial statements

Our responsibility is to express a conclusion on the consolidated financial statements and the parent financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the consolidated financial statements and the parent financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the consolidated financial statements and the parent financial statements.

Statement on the management commentary

Management is responsible for the management commentary.

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

In connection with our extended review of the consolidated financial statements and the parent financial statements our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the extended review 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 consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Aarhus, 30.06.2025

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Kasper Pagter Gjerløv

State Authorised Public Accountant
Identification No (MNE) mne50622

Management commentary

Financial highlights

	2024	2023	2022	2021	2020
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	11,466	13,239	14,111	9,805	9,743
Operating profit/loss	(2,753)	866	2,135	394	1,089
Net financials	(646)	(464)	(529)	(217)	(71)
Profit/loss for the year	(2,911)	131	856	286	834
Profit for the year excl. minority interests	(2,911)	131	856	0	0
Balance sheet total	15,797	18,321	19,969	18,048	10,951
Investments in property, plant and equipment	0	13	0	0	0
Equity	1,577	4,504	4,891	4,591	4,258
Equity excl. minority interests	1,577	4,504			
Cash flows from operating activities	(980)	345	(2,317)	866	1,619
Cash flows from investing activities	(48)	(656)	(468)	(3,436)	(622)
Cash flows from financing activities	2,591	(684)	3,309	3,984	(1,012)
Ratios					
Return on equity (%)	(94.87)	2.79	18.06	6.46	21.49
Equity ratio (%)	10.10	24.58	24.49	25.44	38.88

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

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%)

Equity * 100

Balance sheet total

Primary activities

The primary purpose of the corporation is development, marketing, and sales of green and sustainable consumer products. The vision of the corporation is to reduce the global use of resources and to actively advocate for sustainability issues regarding production, green consumer products and businesses. We aim to inspire both businesses and consumers to be more sustainable in their behaviour. Our motto is: From small things, big things grow.

Events after the balance sheet date

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

Consolidated income statement for 2024

	Notes	2024 DKK	2023 DKK
Gross profit/loss		11,466,386	13,239,307
Staff costs	1	(13,471,287)	(11,641,409)
Depreciation, amortisation and impairment losses	2	(748,336)	(731,415)
Operating profit/loss		(2,753,237)	866,483
Other financial income	3	133,038	144,241
Other financial expenses		(779,429)	(608,703)
Profit/loss before tax		(3,399,628)	402,021
Tax on profit/loss for the year	4	488,706	(270,765)
Profit/loss for the year		(2,910,922)	131,256
Proposed distribution of profit and loss			
Retained earnings		(2,910,922)	131,256
Proposed distribution of profit and loss		(2,910,922)	131,256

Consolidated balance sheet at 31.12.2024

Assets

	Notes	2024 DKK	2023 DKK
Acquired patents		5,946,027	6,259,421
Acquired rights		192,849	509,861
Intangible assets	5	6,138,876	6,769,282
Other fixtures and fittings, tools and equipment		0	12,605
Leasehold improvements		139,830	209,760
Property, plant and equipment	6	139,830	222,365
Deposits		182,715	182,715
Financial assets	7	182,715	182,715
Fixed assets		6,461,421	7,174,362
Manufactured goods and goods for resale		2,045,303	3,440,999
Inventories		2,045,303	3,440,999
Trade receivables		1,045,366	2,754,584
Receivables from group enterprises		677,735	719,798
Deferred tax		5,029	0
Other receivables		253,949	758,914
Prepayments		511,112	239,119
Receivables		2,493,191	4,472,415
Cash		4,796,588	3,233,369
Current assets		9,335,082	11,146,783
Assets		15,796,503	18,321,145

Equity and liabilities

	Notes	2024 DKK	2023 DKK
Contributed capital		62,367	62,367
Translation reserve		45,801	61,498
Retained earnings		1,469,123	4,380,045
Equity		1,577,291	4,503,910
Deferred tax		453,783	937,460
Other provisions		723,068	0
Provisions		1,176,851	937,460
Bank loans		917,983	1,811,506
Other payables		2,610,838	0
Non-current liabilities other than provisions	8	3,528,821	1,811,506
Current portion of non-current liabilities other than provisions	8	1,891,162	1,002,000
Bank loans		4,036,705	4,052,186
Prepayments received from customers		315,436	945,729
Trade payables		1,958,480	3,726,306
Payables to group enterprises		22,858	0
Joint taxation contribution payable		0	100,590
Other payables		895,267	840,281
Deferred income		393,632	401,177
Current liabilities other than provisions		9,513,540	11,068,269
Liabilities other than provisions		13,042,361	12,879,775
Equity and liabilities		15,796,503	18,321,145
Unrecognised rental and lease commitments	10		
Assets charged and collateral	11		
Subsidiaries	12		

Consolidated statement of changes in equity for 2024

	Contributed capital DKK	Translation reserve DKK	Retained earnings DKK	Total DKK
Equity beginning of year	62,367	61,498	4,380,045	4,503,910
Exchange rate adjustments	0	(15,697)	0	(15,697)
Profit/loss for the year	0	0	(2,910,922)	(2,910,922)
Equity end of year	62,367	45,801	1,469,123	1,577,291

Consolidated cash flow statement for 2024

	Notes	2024 DKK	2023 DKK
Operating profit/loss		(2,753,237)	866,483
Amortisation, depreciation and impairment losses		748,337	731,415
Working capital changes	9	1,764,943	(770,898)
Cash flow from ordinary operating activities		(239,957)	827,000
Financial income received		155,896	144,241
Financial expenses paid		(779,429)	(608,703)
Taxes refunded/(paid)		(116,287)	(17,247)
Cash flows from operating activities		(979,777)	345,291
Acquisition etc. of intangible assets		(48,000)	(643,587)
Acquisition etc. of property, plant and equipment		0	(12,605)
Cash flows from investing activities		(48,000)	(656,192)
Free cash flows generated from operations and investments before financing		(1,027,777)	(310,901)
Loans raised		3,500,000	2,052,250
Repayments of loans etc.		(893,523)	(769,006)
Dividend paid		0	(550,000)
Change in short term credit		(15,481)	(1,417,580)
Cash flows from financing activities		2,590,996	(684,336)
Increase/decrease in cash and cash equivalents		1,563,219	(995,237)
Cash and cash equivalents beginning of year		3,233,369	4,228,606
Cash and cash equivalents end of year		4,796,588	3,233,369
Cash and cash equivalents at year-end are composed of:			
Cash		4,796,588	3,233,369
Cash and cash equivalents end of year		4,796,588	3,233,369

Notes to consolidated financial statements

1 Staff costs

	2024 DKK	2023 DKK
Wages and salaries	12,076,098	10,256,467
Pension costs	1,161,645	1,173,678
Other social security costs	233,544	211,264
	13,471,287	11,641,409
Average number of full-time employees	21	19

2 Depreciation, amortisation and impairment losses

	2024 DKK	2023 DKK
Amortisation of intangible assets	678,406	661,495
Depreciation on property, plant and equipment	69,930	69,920
	748,336	731,415

3 Other financial income

	2024 DKK	2023 DKK
Financial income from group enterprises	10,955	27,314
Financial income from associates	0	64,076
Other interest income	5,449	0
Exchange rate adjustments	78,342	4,234
Other financial income	38,292	48,617
	133,038	144,241

4 Tax on profit/loss for the year

	2024 DKK	2023 DKK
Current tax	0	103,663
Change in deferred tax	(488,706)	167,102
	(488,706)	270,765

5 Intangible assets

	Acquired patents DKK	Acquired rights DKK
Cost beginning of year	11,133,381	1,288,929
Additions	0	48,000
Cost end of year	11,133,381	1,336,929
Amortisation and impairment losses beginning of year	(4,873,960)	(779,068)
Amortisation for the year	(313,394)	(365,012)
Amortisation and impairment losses end of year	(5,187,354)	(1,144,080)
Carrying amount end of year	5,946,027	192,849

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	13,717	349,600
Cost end of year	13,717	349,600
Depreciation and impairment losses beginning of year	(13,717)	(139,840)
Depreciation for the year	0	(69,930)
Depreciation and impairment losses end of year	(13,717)	(209,770)
Carrying amount end of year	0	139,830

7 Financial assets

	Deposits DKK
Cost beginning of year	182,715
Cost end of year	182,715
Carrying amount end of year	182,715

8 Non-current liabilities other than provisions

	Due within 12 months 2024 DKK	Due within 12 months 2023 DKK	Due after more than 12 months 2024 DKK
Bank loans	1,002,000	1,002,000	917,983
Other payables	889,162	0	2,610,838
	1,891,162	1,002,000	3,528,821

9 Changes in working capital

	2024 DKK	2023 DKK
Increase/decrease in inventories	1,395,696	(202,314)
Increase/decrease in receivables	1,984,253	779,611
Increase/decrease in trade payables etc.	(1,615,006)	(1,348,195)
	1,764,943	(770,898)

10 Unrecognised rental and lease commitments

	2024 DKK	2023 DKK
Total liabilities under rental or lease agreements until maturity	521,562	1,294,519

11 Assets charged and collateral

The parent company has provided a surety bond against bank involvement in subsidiary company.

The parent company has submitted a statement of support to all subsidiaries companies. The parent company undertakes to support the company financially if the need should arise, so that the subsidiaries can continue its operations. Declaration of support is valid until 30 June 2024.

Mortgage deeds registered to the mortgagor totalling TDKK 3,000 (2023: TDKK 3,000) providing security on land and buildings as well as other property, plant and equipment at a total carrying amount of: TDKK 3,088

The parent company has provided a self-guarantee to the company's bank for subsidiary, SproutWorld ApS.

12 Subsidiaries

	Registered in	Corporate form	Ownership %
SproutWorld ApS	Denmark	ApS	100.00
Sprout IP ApS	Denmark	ApS	100.00
Sprout INC.	US	Inc	100.00
SproutWorld Cosmetics ApS	Denmark	ApS	100.00

Parent income statement for 2024

	Notes	2024 DKK	2023 DKK
Gross profit/loss		(77,485)	(169,822)
Income from investments in group enterprises		(2,722,076)	314,932
Other financial income	1	84,208	143,094
Other financial expenses	2	(225,976)	(175,463)
Profit/loss before tax		(2,941,329)	112,741
Tax on profit/loss for the year	3	48,236	18,515
Profit/loss for the year		(2,893,093)	131,256
Proposed distribution of profit and loss			
Retained earnings		(2,893,093)	131,256
Proposed distribution of profit and loss		(2,893,093)	131,256

Parent balance sheet at 31.12.2024

Assets

	Notes	2024 DKK	2023 DKK
Investments in group enterprises		6,541,688	8,174,812
Financial assets	4	6,541,688	8,174,812
Fixed assets		6,541,688	8,174,812
Receivables from group enterprises		2,305,125	2,183,772
Deferred tax		48,236	0
Joint taxation contribution receivable		0	18,515
Receivables		2,353,361	2,202,287
Cash		3,500,673	64,526
Current assets		5,854,034	2,266,813
Assets		12,395,722	10,441,625

Equity and liabilities

	Notes	2024 DKK	2023 DKK
Contributed capital		62,367	62,367
Translation reserve		(15,697)	0
Reserve for net revaluation according to equity method		0	2,219,484
Retained earnings		1,548,450	2,222,059
Equity		1,595,120	4,503,910
Provisions for investments in group enterprises		2,306,652	1,202,003
Provisions		2,306,652	1,202,003
Other payables		2,610,838	0
Non-current liabilities other than provisions	5	2,610,838	0
Current portion of non-current liabilities other than provisions	5	889,162	0
Trade payables		53,508	0
Payables to group enterprises		4,909,041	4,700,712
Other payables		31,401	35,000
Current liabilities other than provisions		5,883,112	4,735,712
Liabilities other than provisions		8,493,950	4,735,712
Equity and liabilities		12,395,722	10,441,625
Employees	6		
Contingent liabilities	7		
Assets charged and collateral	8		

Parent statement of changes in equity for 2024

	Contributed capital DKK	Translation reserve DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	62,367	0	2,219,484	2,222,059	4,503,910
Exchange rate adjustments	0	(15,697)	0	0	(15,697)
Profit/loss for the year	0	0	(2,219,484)	(673,609)	(2,893,093)
Equity end of year	62,367	(15,697)	0	1,548,450	1,595,120

Notes to parent financial statements

1 Other financial income

	2024 DKK	2023 DKK
Financial income from group enterprises	78,838	79,003
Financial income from associates	0	64,076
Other interest income	5,370	15
	84,208	143,094

2 Other financial expenses

	2024 DKK	2023 DKK
Financial expenses from group enterprises	172,469	175,463
Other interest expenses	53,507	0
	225,976	175,463

3 Tax on profit/loss for the year

	2024 DKK	2023 DKK
Change in deferred tax	(48,236)	0
Refund in joint taxation arrangement	0	(18,515)
	(48,236)	(18,515)

4 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	4,440,000
Cost end of year	4,440,000
Revaluations beginning of year	3,734,812
Exchange rate adjustments	(15,697)
Share of profit/loss for the year	(2,722,076)
Investments with negative equity value transferred to provisions	1,104,649
Revaluations end of year	2,101,688
Carrying amount end of year	6,541,688

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

5 Non-current liabilities other than provisions

	Due within 12 months	Due after more than 12 months
	2024	2024
	DKK	DKK
Other payables	889,162	2,610,838
	889,162	2,610,838

6 Employees

The Entity has no employees other than the Executive Board. The Executive Officer has not received any remuneration.

7 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Stausholm Invest ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore secondarily liable for income taxes etc. for the jointly taxed entities, limited to the equity interest by which the Entity participates in the Group, and also secondarily liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividends 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.

8 Assets charged and collateral

The parent company has provided a surety bond against bank involvement in subsidiary company.

The parent company has submitted a statement of support to all subsidiaries companies. The parent company undertakes to support the company financially if the need should arise, so that the subsidiaries can continue its operations. Declaration of support is valid until 30 June 2024.

The parent company has provided a self-guarantee to the company's bank for subsidiary, SproutWorld ApS.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling, influence are regarded as associates.

Basis of consolidation

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

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date,

with net assets having been calculated at fair value.

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, costs of raw materials and consumables and external expenses.

Revenue

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

Other operating income

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

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and normal writedowns of the relevant inventories.

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

Depreciation, amortisation and impairment losses

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

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 Parent is jointly taxed with all of its 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

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.

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

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

Property, plant and equipment

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

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

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	3
Leasehold improvements	5

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 in the parent financial statements 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. Reference is made to the above section on business combinations for more details about the accounting policies applied to 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 difference between cost of investments and fair value of the pro rata share 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 years.

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

Inventories

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

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

Receivables

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

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.

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.

Joint taxation contributions payable or receivable

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

Prepayments

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

Cash

Cash comprises of bank deposits.

Other provisions

Other provisions comprise anticipated costs of expected repayment of legal disputes.

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

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.

Joint taxation contributions payable or receivable

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

Deferred income

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

Cash flow statement

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

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

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

Cash flows from financing activities comprise changes in the size or composition of the contributed capital

and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

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