

2024



ANNUAL REPORT



LYRAS A/S
Lyngvej 7
DK-9000 Aalborg
CVR No. 40222103

The Annual General Meeting adopted the annual report on 30.06.2025.

Mark Kalhøj Andersen
Chairman of the General Meeting

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Entity details

Entity

Lyras A/S
Lyngvej 7
9000 Aalborg

Business Registration No.: 40222103
Registered office: Aalborg
Financial year: 01.01.2024 - 31.12.2024

Board of Directors

Mads Kristoffer Storgaard Mehlsen, Chairman
Jan Nygaard
Rasmus Mortensen
Kenneth Sandfeld Hansen
Lars Colding-Kristensen
Thomas Dall Ewers

Executive Board

Mark Kalhøj Andersen, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Østre Havnepromenade 26, 4th floor
9000 Aalborg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Lyras 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.

Aalborg, 30.06.2025

Executive Board

Mark Kalhøj Andersen
CEO

Board of Directors

Mads Kristoffer Storgaard Mehlsen
Chairman

Jan Nygaard

Rasmus Mortensen

Kenneth Sandfeld Hansen

Lars Colding-Kristensen

Thomas Dall Ewers

Independent auditor's report

To the shareholders of Lyras A/S

Opinion

We have audited the financial statements of Lyras 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.

Material uncertainty related to going concern

Without this having affected our opinion, we draw attention to the disclosures in note 1 where Management accounts for the necessary liquidity to secure continued operations. It is thus a key precondition for Management's decision to present the annual report on a going concern basis that the current negotiations with a financial institution regarding establishment of further credit facilities is carried out.

Emphasis of matter

Without this having affected our opinion, we refer to note 2 stating that a tax asset of DKK 23,639k has been recognised. We found that the assumptions underlying the measurement of the tax asset are subject to material uncertainty. The uncertainty is disclosed in the notes. Our opinion has not been modified with respect to this matter.

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 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 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 under the Danish Financial Statements Act.

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.

Aalborg, 30.06.2025

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Sami Nikolai El-Galaly

State Authorised Public Accountant
Identification No (MNE) mne42793

Management commentary

Primary activities

Lyras is a Danish company headquartered in Aalborg, Denmark. Founded in 2017 based on several years of rigorous research and development. Lyras was established with the ambition to prove that microbial inactivation in milk could be done efficiently using UV-light instead of pasteurization.

Historically, microbial inactivation in milk using UV-light has never been successfully achieved due to milk's opacity, which prevents light penetration. This challenge became the primary focus of our research. Our Raslysation technology was developed through evidence-based research and close collaboration with stakeholders across the dairy and juice industries, academia, public health experts and technical experts. Today, with our patented technology, we can treat liquid products regardless of transparency and product type.

Lyras sustainable Raslysation solution offers gentle, efficient, and hygienic treatment of liquids, resulting in higher uptime, reduced cleaning requirements, and simpler production processes - without compromising product quality or taste.

Development in activities and finances

In 2024, Lyras A/S made significant progress across key areas of the business. Throughout the year, we have focused on maturing our product portfolio, refining our project execution, and strengthening our approach to customer and partner relationships. These developments mark an important step forward in our journey towards becoming a more scalable, and trusted partner in the market.

As Lyras' capabilities and offerings have evolved, we see new potential for collaboration and renewed partnerships. With our continued focus on delivering value through innovation and reliability, we believe the foundation is stronger than ever to explore new or renewed strategic alliances.

In 2024, the group implemented substantial cost reductions across operations to safeguard liquidity and avoid the shortfalls experienced in the previous year. Supported by a healthy order book and robust pipeline, the 2025 budget indicates a reduced demand for liquidity compared to prior years.

The budget also reflects projected growth in both revenue and net income. However, this anticipated growth demands increased liquidity. The Group is in the final stages of negotiations with a financial institution regarding establishment of the necessary credit facilities for the upcoming financial year. Management assesses the process as progressing positively and expects the agreement to be concluded shortly, thereby securing the liquidity required to support the Group's continued operations. Lyras A/S has received a letter of support from its parent company Lyras DK ApS. Please refer to note 1 for elaboration of going concern.

Uncertainty relating to recognition and measurement

Please refer to note 2 for elaboration of uncertainty relating to recognition and measurement regarding deferred tax asset.

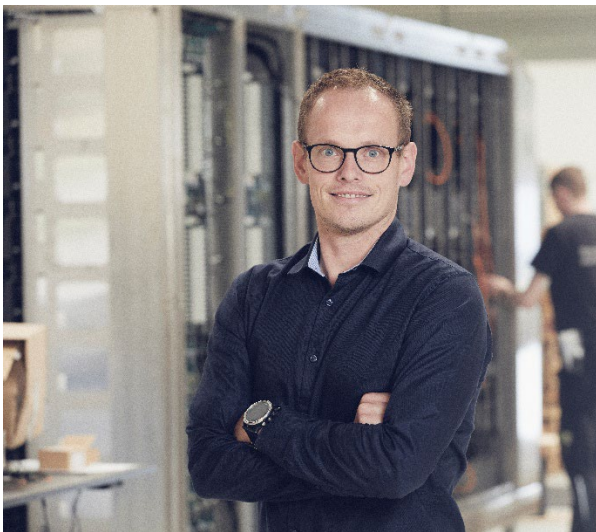
Events after the balance sheet date

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

Our work with ESG

At Lyras, we see ESG as an opportunity to apply our expertise, partnerships, and resources to make a meaningful and measurable difference for our customers, communities, and the environment. Sustainability continues to be the core feature of our solutions and the driving force behind our innovation. We aim to address key environmental challenges within liquid food processing by delivering energy-efficient systems that promote a healthier, more sustainable production environment.

Reflections from the CEO



In 2024, we remained focused on enhancing the efficiency of our internal operations and optimizing our supply chain. These improvements are vital steps in our continued journey toward becoming profitable and trusted provider of processing and food production equipment.

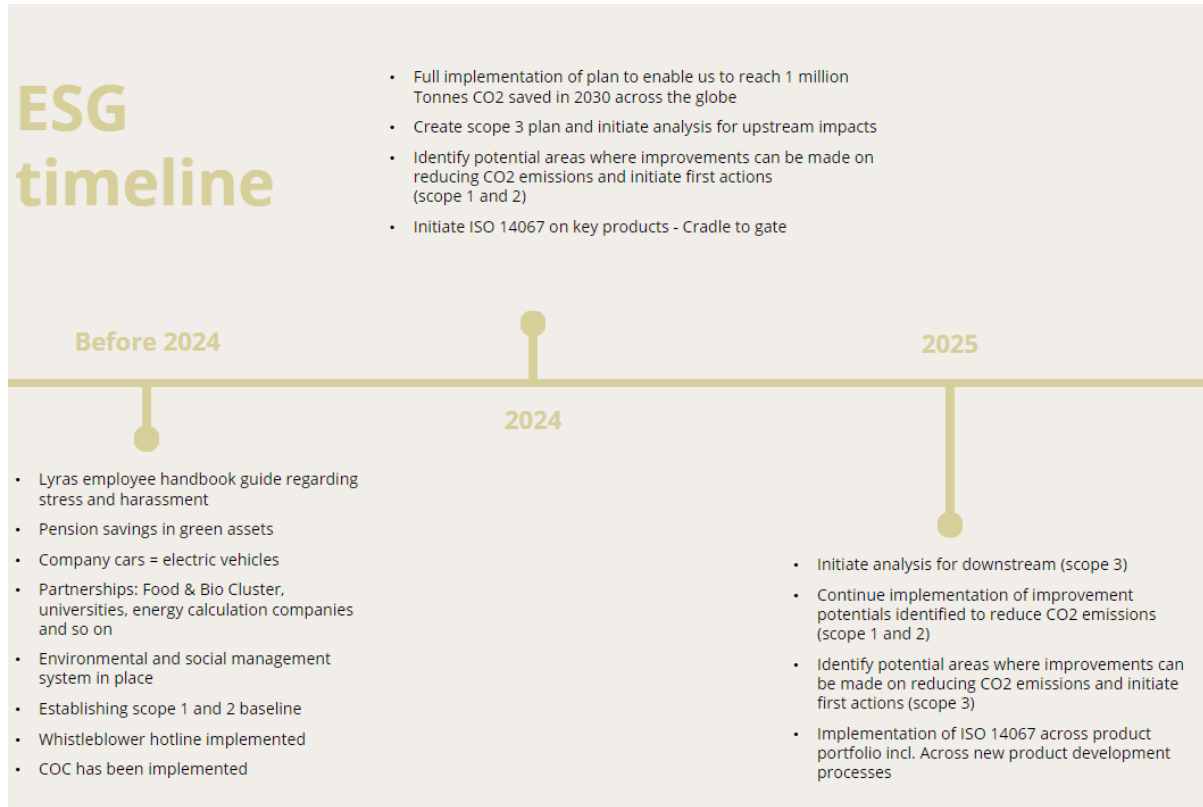
This year also marked a shift in the external landscape. Legislative barriers that once limited the adoption of our technology have begun to ease, opening new opportunities for market entry and expansion. At the same time, we have continued to build strong alliances, both commercially and strategically, that reinforce our position and accelerate our progress. Together, these internal advancements and external developments put us in a stronger position than ever to scale our impact and deliver on our long-term ambitions.

We continue to pursue our long-term ambition: enabling global processing industries to reduce CO₂ emissions by more than 1,000,000 tons by 2030. This vision guides our mission to implement our technology in more processing facilities around the world. We completed our third ESG report in 2024, that outlines both our opportunities and the challenges we face in advancing our environmental and social impact. Our ESG efforts now include stronger data collection, improved awareness, and better alignment with strategic goals. In 2024 and into 2025, we will define short- and medium-term ESG targets that directly support Lyras' overall mission.

Mark Kalhøj Andersen, CEO

Highlights from our ESG report 2024

ESG Timeline



A sustainable industry can only be achieved if we have ambitious common goals. These common goals must be achieved through strong partnerships and cooperations with international partners.

Lyras Key ESG Numbers 2024



42 Total Number of employees (FTE)



76% Number of male employees



24% Number of female employees



84% of waste is recycled



429 m3 Water usage



83% of company cars are electric



280,62 MWH Electricity usage Market based



62,53 tCO2e Total scope 1+2 emission Market based

How will Lyras make a positive impact?

In Lyras' energy reduction calculation, the number of expected installed raslysation units per year has been divided out into several different types of units with different capacities. This ensures a more accurate representation of what the CO₂ savings would be from these types of units being implemented in the production facilities around the world.

Below you will find an example of two calculations for brine and whey. The calculation tool can be used in many other applications.

These calculations have led Lyras to formulate our 2030 goal:



Income statement for 2024

	Notes	2024 DKK	2023 DKK
Gross profit/loss		(8,714,147)	3,482,402
Staff costs	3	(26,970,595)	(34,134,590)
Depreciation, amortisation and impairment losses		(2,997,958)	(2,215,233)
Other operating expenses		(145,568)	0
Operating profit/loss		(38,828,268)	(32,867,421)
Income from investments in group enterprises		(97,063)	(51,192)
Other financial income	4	7,320	158,279
Other financial expenses	5	(3,881,752)	(4,685,834)
Profit/loss before tax		(42,799,763)	(37,446,168)
Tax on profit/loss for the year	6	9,398,239	8,329,124
Profit/loss for the year		(33,401,524)	(29,117,044)
Proposed distribution of profit and loss			
Retained earnings		(33,401,524)	(29,117,044)
Proposed distribution of profit and loss		(33,401,524)	(29,117,044)

Balance sheet at 31.12.2024

Assets

	Notes	2024 DKK	2023 DKK
Completed development projects	8	24,010,725	22,933,508
Acquired intangible assets		883,152	908,145
Development projects in progress	8	2,930,558	4,594,753
Intangible assets	7	27,824,435	28,436,406
Other fixtures and fittings, tools and equipment		2,279,346	1,197,522
Leasehold improvements		682,576	1,023,232
Property, plant and equipment	9	2,961,922	2,220,754
Investments in group enterprises		0	0
Deposits		1,097,756	1,198,945
Financial assets	10	1,097,756	1,198,945
Fixed assets		31,884,113	31,856,105
Raw materials and consumables		4,203,607	8,851,050
Work in progress		5,715,342	5,006,629
Manufactured goods and goods for resale		5,696,483	1,752,787
Prepayments for goods		0	746,090
Inventories		15,615,432	16,356,556

Trade receivables		5,287,795	6,122,142
Contract work in progress	11	430,862	4,391,354
Receivables from group enterprises		50,520	31,377
Deferred tax	12	23,639,248	14,612,476
Other receivables		1,272,255	485,515
Joint taxation contribution receivable		373,502	2,582,054
Prepayments		289,401	970,754
Receivables		31,343,583	29,195,672
Cash		6,982,818	2,312,234
Current assets		53,941,833	47,864,462
Assets		85,825,946	79,720,567

Equity and liabilities

	Notes	2024 DKK	2023 DKK
Contributed capital		400,000	400,000
Reserve for development expenditure		21,014,201	21,472,045
Retained earnings		46,649,205	24,592,885
Equity		68,063,406	46,464,930
Other provisions	13	189,932	1,347,837
Provisions		189,932	1,347,837
Debt to other credit institutions		7,061,792	8,539,740
Holiday pay obligation		255,850	248,158
Non-current liabilities other than provisions	14	7,317,642	8,787,898
Current portion of non-current liabilities other than provisions	14	1,619,014	1,460,260
Bank loans		104,765	4,309,579
Prepayments received from customers		1,234,341	387,837
Contract work in progress	11	366,262	0
Trade payables		3,107,121	2,120,121
Payables to group enterprises		1,083,914	9,606,445
Other payables		799,533	3,211,082
Deferred income		1,940,016	2,024,578
Current liabilities other than provisions		10,254,966	23,119,902
Liabilities other than provisions		17,572,608	31,907,800
Equity and liabilities		85,825,946	79,720,567
Material uncertainty related to going concern	1		
Uncertainty relating to recognition and measurement	2		
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Assets charged and collateral	17		
Group relations	18		

Statement of changes in equity for 2024

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	400,000	21,472,045	24,592,885	46,464,930
Group contributions etc.	0	0	55,000,000	55,000,000
Transfer to reserves	0	(457,844)	457,844	0
Profit/loss for the year	0	0	(33,401,524)	(33,401,524)
Equity end of year	400,000	21,014,201	46,649,205	68,063,406

Notes

1 Material uncertainty related to going concern

In 2024, the group implemented substantial cost reductions across operations to safeguard liquidity and avoid the shortfalls experienced in the previous year. Supported by a healthy order book and robust pipeline, the 2025 budget indicates a reduced demand for liquidity compared to prior years.

The budget also reflects projected growth in both revenue and net income. However, this anticipated growth demands increased liquidity. The Group is in the final stages of negotiations with a financial institution regarding establishment of the necessary credit facilities for the upcoming financial year. Management assesses the process as progressing positively and expects the agreement to be concluded shortly, thereby securing the liquidity required to support the Group's continued operations. Lyras A/S has received a letter of support from its parent company Lyras DK ApS.

The above agreed bank package will generate sufficient liquidity beyond end of the year according to the budget. However, there is uncertainty related to going concern due to the above-mentioned bank agreement not being finalized. The Management strongly believes the bank agreement will be carried out. Due to this assessment the annual report is prepared based on the assumption of going concern.

2 Uncertainty relating to recognition and measurement

The Company's deferred tax asset amounting to DKK 23,639k at the balance sheet date primarily consists of tax loss carryforwards.

Management expects based on its projections that the recognised tax asset can be set off against future taxable income within a period not exceeding five years.

As recognition and valuation are based on expectations for the development over a longer period, the utilization of the asset is inherently subject to budget uncertainty, but expresses Management's best estimate based on the assumptions at the time of preparing the annual report. On recognition at 31.12.2024, the tax asset has not been written down for impairment.

3 Staff costs

	2024 DKK	2023 DKK
Wages and salaries	24,520,124	32,990,275
Pension costs	2,119,442	650,066
Other social security costs	331,029	494,249
	26,970,595	34,134,590
Average number of full-time employees	42	55

Of wages and salaries for the year, DKK 1,680k compared to last year's DKK 4,382k has been transferred to manufacture of assets and recognized as own work capitalized.

4 Other financial income

	2024 DKK	2023 DKK
Financial income from group enterprises	7,320	3,331
Other interest income	0	48,571
Exchange rate adjustments	0	106,377
	7,320	158,279

5 Other financial expenses

	2024 DKK	2023 DKK
Financial expenses from group enterprises	2,185,843	3,241,697
Other interest expenses	1,653,766	1,444,137
Exchange rate adjustments	42,143	0
	3,881,752	4,685,834

6 Tax on profit/loss for the year

	2024 DKK	2023 DKK
Current tax	(371,467)	(2,582,054)
Change in deferred tax	(9,026,772)	(5,706,485)
Adjustment concerning previous years	0	(40,585)
	(9,398,239)	(8,329,124)

7 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Development projects in progress DKK
Cost beginning of year	25,379,470	1,276,108	4,594,753
Transfers	3,087,322	274,609	(3,361,932)
Additions	0	117,436	1,697,737
Disposals	(373,310)	0	0
Cost end of year	28,093,482	1,668,153	2,930,558
Amortisation and impairment losses beginning of year	(2,445,962)	(367,963)	0
Amortisation for the year	(1,688,644)	(417,038)	0
Reversal regarding disposals	51,849	0	0
Amortisation and impairment losses end of year	(4,082,757)	(785,001)	0
Carrying amount end of year	24,010,725	883,152	2,930,558

8 Development projects

Capitalized development costs comprises of direct costs incurred in the development of the Group's technology. In test environments, the company has been successful in supporting the business model, and the capitalized development costs have been invested in creating a scalable prototype. The prototype has been completed and sales has been signed and delivered in the financial year.

Development costs in progress constitutes further development of the same technology to be used on other product types.

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	2,175,567	2,019,753
Additions	1,671,150	0
Disposals	0	(49,289)
Cost end of year	3,846,717	1,970,464
Depreciation and impairment losses beginning of year	(978,045)	(996,521)
Depreciation for the year	(589,326)	(302,949)
Reversal regarding disposals	0	11,582
Depreciation and impairment losses end of year	(1,567,371)	(1,287,888)
Carrying amount end of year	2,279,346	682,576

10 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	40,000	1,198,945
Additions	0	32,429
Disposals	0	(133,618)
Cost end of year	40,000	1,097,756
Impairment losses beginning of year	(40,000)	0
Share of profit/loss for the year	(97,063)	0
Investments with negative equity value depreciated over receivables	97,063	0
Impairment losses end of year	(40,000)	0
Carrying amount end of year	0	1,097,756

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Lyras Nordamerika ApS	Aalborg	ApS	100.00
Lyras North America Inc. *	Delaware	Inc.	100.00

11 Contract work in progress

	2024 DKK	2023 DKK
Contract work in progress	6,817,105	11,828,444
Progress billings regarding contract work in progress	(6,752,505)	(7,437,090)
Transferred to liabilities other than provisions	366,262	0
	430,862	4,391,354

12 Deferred tax

Based on budgets, Management has chosen to recognise a tax asset of DKK 23.639k. The tax asset primarily relates to a tax-loss carryforward, which is expected to be used for set-off against future taxable income.

Management expects to be able to use the recognised tax asset within a period of 5 years as development is completed and the Company's technology is commercialized.

Supporting the recognition of the tax asset is improved EBITDA in the coming year as a result of an increasing order pipeline and the fact that an investor committed to the Group's business plan in summer 2024.

13 Other provisions

In 2023 provisions relates to a entered onerous contract. In the current year other provision relates to estimated warranty costs. The provision is accounted for as management best estimate but is subject to judgement.

14 Non-current liabilities other than provisions

	Due within 12 months	Due within 12 months	Due after more than 12 months	Outstanding after 5 years
	2024	2023	2024	2024
	DKK	DKK	DKK	DKK
Debt to other credit institutions	1,619,014	1,460,260	7,061,792	0
Holiday pay obligation	0	0	255,850	255,850
	1,619,014	1,460,260	7,317,642	255,850

15 Unrecognised rental and lease commitments

	2024	2023
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	4,569,910	4,439,436

16 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Lyras Holding 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.

17 Assets charged and collateral

Nordjysk Lånefond, Danmarks Eksport- og investeringsfond and Danske Bank have registered company charge as collateral for lending. The value of pledged assets is DKK 58.617k as of 31 December 2024.

18 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Lyras DK ApS, Aalborg.

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 financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 110 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.

Public grants

Public grants are recognised when a final commitment has been received from the grantor and it is probable that the conditions of the grant will be fulfilled. Grants are recognised as income in the income statement as earned. Grants awarded for acquisition of assets are recognised as deferred income in the balance sheet, which is taken to income on a straight-line basis over the useful life of the asset.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, other operating income and external expenses.

Revenue

Revenue from the sale of manufactured goods is recognised in the income statement when delivery is made and risk has passed 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 ordinary activities.

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, leasehold improvements and intangible assets comprise depreciation 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 interest income.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies and amortisation of financial liabilities.

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

Intellectual property rights etc.

Intellectual property rights etc comprise development projects completed, those in progress and acquired intangible assets consisting of companies ERP-systems.

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 under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs that are directly and indirectly attributable to the development projects, likewise is acquired for acquired intangible assets.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 17-18 years. For acquired intangible assets, the amortisation periods are 4 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.

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

Property, plant and equipment

Other fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

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

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

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

Estimated useful lives and residual values are reassessed annually. Residual values are DKK 0.

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.

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

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

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.

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.

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.

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.

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 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 bank deposits.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments.

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.

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

Other financial liabilities

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

Prepayments received from customers

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

Deferred income

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