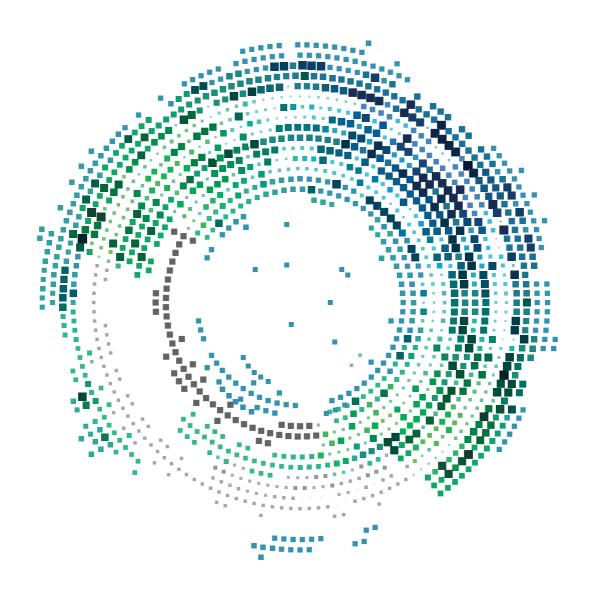
Deloitte.



ESB Group ApS

Struenseegade 9, 2. 2200 København N CVR No. 40100539

Annual report 2020

The Annual General Meeting adopted the annual report on 16.04.2021

Jesper Ahlmann Funding Andersen

Chairman of the General Meeting

ESB Group ApS | Contents

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Entity details

Entity

ESB Group ApS Struenseegade 9, 2. 2200 København N

Business Registration No.: 40100539

Registered office: København

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Jesper Ahlmann Funding Andersen, Chairman Lars Thomas Blomqvist, Vice Chairman Peter Velling Bower Asbjørn Mosgaard Hyldgaard Barbro Elisabet Fridén

Executive Board

Annemette Arndal-Lauritzen, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of ESB Group ApS for the financial year 01.01.2020 - 31.12.2020

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 31.12.2020 and of the results of their operations for the financial year 01.01.2020 - 31.12.2020.

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, 16.04.2021

Executive Board

Annemette Arndal-Lauritzen

CEO

Board of Directors

Jesper Ahlmann Funding Andersen

Chairman

Lars Thomas Blomqvist

Vice Chairman

Peter Velling Bower

Asbjørn Mosgaard Hyldgaard

Barbro Elisabet Fridén

Independent auditor's report

To the shareholder of ESB Group ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of ESB Group ApS for the financial year 01.01.2020 - 31.12.2020, 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. The consolidated financial statements and the parent financial statements are prepared 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 31.12.2020 and of the results of their operations for the financial year 01.01.2020 - 31.12.2020 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error

and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent 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 consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the 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 consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the 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 consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion 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 audit 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 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 consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 16.04.2021

Deloitte

Statsautoriseret Revisionspartnerselskab CVR No. 33963556

Bill Haudal Pedersen

State Authorised Public Accountant Identification No (MNE) mne30131

Henrik Wolff Mikkelsen

State Authorised Public Accountant Identification No (MNE) mne33747

Management commentary

Financial highlights

	2020	2019
	DKK'000	DKK'000
Key figures		
Gross profit/loss	75,100	41,171
EBITDA before normalization	39,839	(3,639)
EBITDA after normalization	42,239	30,801
Operating profit/loss	3,620	(31,552)
Net financials	(11,001)	(12,749)
Profit/loss for the year	(14,192)	(41,695)
Balance sheet total	645,531	652,425
Investments in property, plant and equipment	254	20,250
Equity	352,821	366,372
Ratios		
Return on equity (%)	(5.0)	(11.4)
Equity ratio (%)	54.66	56.16

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 Group's main activities are within the fertility industry and related production.

Founded in 2004, European Sperm Bank ("ESB") is one of the leading sperm banks in the world, providing fertility clinics all over the world with donor semen of the highest quality. The main product offering consists of a wide selection of high-quality donor semen from both open and anonymous sperm donors, helping heterosexual couples, single women and lesbian couples in +100 countries. The end users are reached through two channels, i.e. the products are either sold to a fertility clinic (B2B) or directly to end customers via the company website (B2C), in which case the donor semen is delivered to a clinic of choice where the fertility treatment is carried out. ESB is headquartered in Copenhagen with c. 120 employees worldwide and currently operates out of 6 locations, including 3 sites in Copenhagen (DK), 1 site in Aarhus (DK), 1 site in London (UK) and 1 site in Hamburg (DE). The parent company's main activities are investments in subsidiaries within the fertility industry and related production, including providing management services.

Development in activities and finances

In 2020 ESB realized gross profit of DKK 75.1m equivalent to 82.4% growth compared to 2019. The growth in gross profit was driven by positive momentum across markets achieved in both of its two distribution channels i.e. sales to clinics and sales directly to end customers.

The management team considers the results for the financial year of 2020 to be satisfactory.

Uncertainty relating to recognition and measurement

No significant uncertainties are attached to recognition and measurement.

Unusual circumstances affecting recognition and measurement

No significant unusual circumstances affecting recognition and measurement have occurred.

Outlook

The Group continues to devote significant resources and investments into building the platform for future growth. The Covid19-pandemic is not expected to have a negative impact on the company in 2021. In general the fertility industry is considered having little sensitivity to economic trends.

Particular risks

Business risks

The company is not exposed to any specific business risks besides the commonly occurring risks in the industry.

The Board of Directors must reassure a continuous monitoring of the development in the market in order to reduce the business risks, as well as strengthen its competitive position on crucial parameters.

Political risks

The Group's political risks are related to changes in the general public opinion and adverse political developments. The overall regulatory trend and public opinion across key markets is in direction of liberalization and opening treatment to more demographic groups. The Board of Directors continuously monitor the situation.

Currency risks

The currency risks are substantially exposed to the Euro currency. The risk hereto is considered limited. Exchange rate adjustments of trade receivables, trade payables and cash in foreign currency is recognized as financial items. Currency risks related thereto, are not hedged.

Credit risks

The Group's credit risks are related to trade receivables. The Group closely examines and manages the risk exposure by assessing the creditworthiness of all significant customers and professionals. Since the Group's customer base is very dispersed, no significant credit risk is associated with a single party.

Non-financial matters

The organization of Management is, among other things, based on the Danish Companies Act, the Danish Financial Statements Act and the company's article of association. The Group has based its corporate governance efforts on a two-tier system where the Board of Directors and the Executive Management have two distinct roles. The Executive Management undertakes the operational management of the company, whereas the Board of Directors determines the overall company strategy and acts as a sparring partner to the Executive Management of the company. In addition, the management is continuously monitoring the financial development as well as the development in the field of corporate governance to ensure that the Group, internally and well as externally, is managed in a way that is in accordance with applicable laws in order to protect the interests of all stakeholders.

Risk management is considered an essential and natural part of the realization of the Group's objectives and strategy. The daily activities, the implementation of the established strategy and the continuous use of business opportunities involve inherent risks, and the company's handling of these risks is therefore seen as a natural and integrated part of the daily work and a way to ensure stable and reliable growth.

The Board of Directors are appointed by Axcel. The Board of Directors consists of five members. Board meetings are held minimum six times a year, additionally, the Chairman Committee meets with Executive Management on an ongoing basis.

Other board positions of the members of the Board of Directors are:

Board of Directors			
Name	Jesper Funding Andersen (appointed in Jun-2019)	Lars Thomas Blomqvist (appointed in Apr-2019)	Peter Bower (appointed in Apr-2019)
Position		Partner – Axcel Management A/S	
Chairman of the Board of Directors in:	ESB Group ApS and related Group companies		
Vice Chairman of the Board of Directors in:		ESB Group ApS and related Group companies	
Board Member in:	Medtech Competent Capital Management ApS Hyamedix ApS		ESB Group ApS and related Group companies
Other management positions:			

	Board of Directors	
Name	Barbro Friden	Asbjørn Hyldgaard
	(appointed in Jun-2019)	(appointed in Jun-2019)
Position	Founder, Barbro Friden Health AB	Partner – Axcel Management A/S
Chairman of the Board of Directors in:		
Vice Chairman of the Board of	Swedish Sea Search and Rescue	GUBI Group ApS and related
Directors in:	Society	Group companies
Board Member in:	ESB Group ApS and related	AX V GUBI Holding III ApS
	Group companies	GUBI RETAIL ApS
	Sophiahemmet	AX V Nissens III ApS
	Getinge AB	ESB Group ApS and related
	Apoteket AB	Group companies
	LifeClean AB	Phase One Group ApS and
	Rescue Society, SSRS	related Group companies
	WeMInd AB	
Other management positions:		

Knowledge resources

The ambition to be the world's most respected fertility bank puts high pressure on the Group when it comes to attracting, developing, and retaining high-quality members of staff with a high level of competence. The realization of the Group's goal of ensuring both quality knowledge and knowhow at each level of staff will be facilitated through recruitment procedures and a continuous development of the existing staff and their competences.

Research and development activities

The Group's research activities are related and limited to its natural high level of knowledge about sperm, and sperm quality among its large donor base and how this fundamental input factor in the fertility industry is developing over time.

Group relations

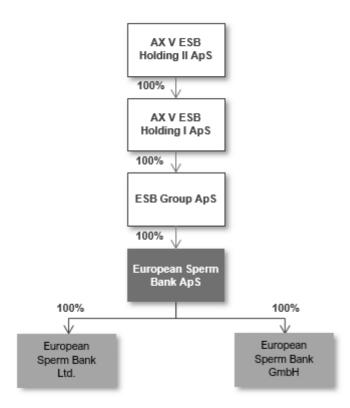
ESB Group ApS is indirectly owned by the equity fund Axcel with appr. 64%, the Bower family via Innodapter

and Selskabet af 26. marts 2019 ApS with appr. 30%, and members of the board of directors, management and employees with appr. 6% via holding companies AX V ESB Holding I ApS and AX V ESB Holding II ApS.

ESB Group ApS' equity consists of one class of shares and the loan capital consists of bank debt, provided by Danske Bank and Hermes Direct Lending Fund II S.à r.l.

The current capital structure is deemed appropriate in relation to the need for financial flexibility in ESB Group ApS and its subsidiaries.

Being owned by the Danish private equity firm Axcel, the Group is subject to the guidelines of the Danish Venture Capital and Private Equity Association (DVCA, ww.dvca.dk) for responsible ownership and corporate governance. ESB Group ApS intends to comply with all relevant guidelines.



Statutory report on corporate social responsibility

Being a sperm bank is an unusual and rewarding task by the fact, that the activities of the Group plays a part in giving life to new human beings. The proud purpose of the company is to help bring healthy children into an openminded society and in doing so be obliged to respect the long-term perspective of its activities. Understanding and appreciating this long-term impact means that the Group needs to think about the future for all parties involved. This is the promise to all stakeholders, who are considered to be the donor children and their families, the donors, the employees, the fertility clinics, society, the planet, suppliers and the authorities. In 2020 the Group initiated development of a CSR strategy and action plan, that includes perspectives on all

stakeholders. During 2020 ESB committed to the United Nations Global Compact, developed its Environmental, Social og Governance (ESG) strategy, and worked to update ESG related policies and procedures. Donor children's health and happiness are top priorities for ESB. The Group have always operated according to the highest industry standards with regards to donor screening and sperm handling and have furthermore developed a gene match technology to reduce the risk of genetic diseases. Furthermore ESB seek to provide counseling and knowledge to support donors and families throughout their journey. ESB acts in accordance with all relevant laws and furthermore engages with policy makers to ensure the best conditions for donors and donor families. ESB seeks to provide employees with a safe and motivating workplace and to reduce their impact on the environment.

The production of sperm straws requires very little electricity and water but consumes plastics. Unfortunately, these plastics currently do not exist in a recycled or biodegradable form, but as part of the CSR strategy we will be looking into how we can minimize the need for plastics.

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 2020

	Notes	2020 DKK'000	2019 DKK'000
Gross profit/loss	Notes	75,100	41,171
Staff costs	1	(35,261)	(24,445)
Depreciation, amortisation and impairment losses	·	(36,219)	(27,913)
Other operating expenses		0	(20,365)
Operating profit/loss		3,620	(31,552)
Other financial income	2	87	1,656
Other financial expenses	3	(11,088)	(14,405)
Profit/loss before tax		(7,381)	(44,301)
Tax on profit/loss for the year	4	(6,811)	2,606
Profit/loss for the year	5	(14,192)	(41,695)

Consolidated balance sheet at 31.12.2020

Assets

	Notes	2020 DKK'000	2019 DKK'000
Completed development projects	7	4,358	6,416
Acquired intangible assets		62,230	67,431
Acquired rights		33,804	37,386
Goodwill		425,547	449,008
Development projects in progress	7	6,135	0
Intangible assets	6	532,074	560,241
Other fixtures and fittings, tools and equipment		5,366	5,909
Leasehold improvements		4,954	6,317
Property, plant and equipment	8	10,320	12,226
Other receivables		1,271	1 200
Financial assets	9	1,271 1,271	1,289 1,289
		<u>, </u>	<u> </u>
Fixed assets		543,665	573,756
Manufactured goods and goods for resale		56,371	64,484
Inventories		56,371	64,484
Trade receivables		7,969	9,620
Other receivables		457	1,246
Prepayments	10	1,664	821
Receivables		10,090	11,687
Cash		35,405	2,498
		404.055	- 0.440
Current assets		101,866	78,669
Assets		645,531	652,425

Equity and liabilities

	Notes	2020 DKK'000	2019 DKK'000
Contributed capital		50	50
Translation reserve		641	0
Reserve for development costs		8,280	4,360
Retained earnings		343,800	361,962
Proposed dividend for the financial year		50	0
Equity		352,821	366,372
Deferred tax	11	23,758	29,264
Provisions		23,758	29,264
Bank loans		216,960	228,480
Other payables		0	971
Non-current liabilities other than provisions	12	216,960	229,451
Current portion of non-current liabilities other than provisions	12	11,520	8,640
Bank loans		0	3,323
Trade payables		10,154	7,209
Tax payable		13,535	1,361
Other payables		16,783	6,805
Current liabilities other than provisions		51,992	27,338
Liabilities other than provisions		268,952	256,789
Equity and liabilities		645,531	652,425
Unrecognised rental and lease commitments	13		
Transactions with related parties	14		
Group relations	15		
Subsidiaries	16		

Consolidated statement of changes in equity for 2020

	Contributed capital DKK'000	Translation reserve DKK'000	Reserve for development costs DKK'000	Retained earnings DKK'000	Proposed dividend for the financial year DKK'000
Equity beginning of year	50	0	4,360	361,962	0
Exchange rate adjustments	0	641	0	0	0
Transfer to reserves	0	0	3,920	(3,920)	0
Profit/loss for the year	0	0	0	(14,242)	50
Equity end of year	50	641	8,280	343,800	50

	Total
	DKK'000
Equity beginning of year	366,372
Exchange rate adjustments	641
Transfer to reserves	0
Profit/loss for the year	(14,192)
Equity end of year	352,821

Notes to consolidated financial statements

1 Staff costs

	2020	2019
	DKK'000	DKK'000 DKK'000
Wages and salaries	42,425	32,625
Pension costs	2,049	1,226
Other social security costs	1,115	317
Other staff costs	2,632	1,779
	48,221	35,947
Staff costs classified as assets	(12,960)	(11,502)
	35,261	24,445
Average number of full-time employees	82	54

	Remuneration of manage-	Remuneration of manage-
	ment	ment
	2020	2019
	DKK'000	DKK'000
Total amount for management categories	4,377	2,840
	4,377	2,840

Pursuant to Section 98b(iii) of the Danish Financial Statements Act, remuneration to the members of the Executive Board and Management is disclosed in total.

2 Other financial income

	2020	2019
	DKK'000	DKK'000
Financial income from group enterprises	87	82
Other financial income	0	1,574
	87	1,656

3 Other financial expenses

4	2020	2019
DKK	'000	DKK'000
Other interest expenses	0	6,579
Other financial expenses 11	,088	7,826
11,	,088	14,405

4 Tax on profit/loss for the year

	2020	2019 DKK'000
	DKK'000	
Current tax	12,317	2,265
Change in deferred tax	(5,506)	(4,871)
	6,811	(2,606)

5 Proposed distribution of profit/loss

	2020	2019
	DKK'000	DKK'000
Ordinary dividend for the financial year	50	0
Retained earnings	(14,242)	(41,695)
	(14,192)	(41,695)

6 Intangible assets

	Completed development projects	Acquired intangible assets	Acquired rights	Goodwill	Development projects in progress
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Cost beginning of year	13,566	70,150	41,254	466,755	0
Additions	1,112	0	0	0	6,135
Disposals	(5,705)	0	0	0	0
Cost end of year	8,973	70,150	41,254	466,755	6,135
Amortisation and	(7,150)	(2,719)	(3,868)	(17,747)	0
impairment losses					
beginning of year					
Amortisation for the year	(3,170)	(5,201)	(3,582)	(23,461)	0
Reversal regarding disposals	5,705	0	0	0	0
Amortisation and	(4,615)	(7,920)	(7,450)	(41,208)	0
impairment losses end of					
year					
Carrying amount end of year	4,358	62,230	33,804	425,547	6,135

7 Development projects

Development projects in progress comprises the development of a new website and ERP-system.

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	9,765	10,485
Additions	254	0
Cost end of year	10,019	10,485
Depreciation and impairment losses beginning of year	(3,856)	(4,168)
Depreciation for the year	(797)	(1,363)
Depreciation and impairment losses end of year	(4,653)	(5,531)
Carrying amount end of year	5,366	4,954

9 Financial assets

	Other receivables DKK'000
Cost beginning of year	1,289
Disposals	(18)
Cost end of year	1,271
Carrying amount end of year	1,271

10 Prepayments

Prepayments are amounts paid for the company in advance of goods and services.

11 Deferred tax

	2020	2019
Changes during the year	DKK'000	DKK'000
Beginning of year	29,264	0
Recognised in the income statement	(5,506)	29,264
End of year	23,758	29,264

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

12 Non-current liabilities other than provisions

			Due after
	Due within 12	Due within 12	more than 12
	months	months	months
	2020	2019	2020
	DKK'000	DKK'000	DKK'000
Bank loans	11,520	8,640	216,960
	11,520	8,640	216,960

No bank loans are due after 5 years.

13 Unrecognised rental and lease commitments

	2020	2019
	DKK'000	DKK'000
Total liabilities under rental or lease agreements until maturity	12,924	12,772

14 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

15 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: AX V ESB Holding III ApS, Sankt Annæ Plads 10, Copenhagen

16 Subsidiaries

		Corporate	Ownership
	Registered in	form	%
European Sperm Bank ApS	Copenhagen	ApS	100
European Sperm Bank Ltd.	UK	Ltd.	100
European Sperm Bank GmbH	Germany	GmbH	100

Parent income statement for 2020

		2020	2019
	Notes	DKK'000	DKK'000
Gross profit/loss		2,757	797
Staff costs	1	(3,972)	(1,379)
Other operating expenses		0	(14,842)
Operating profit/loss		(1,215)	(15,424)
Income from investments in group enterprises		53,300	5,000
Other financial expenses	2	(8,861)	(12,519)
Profit/loss before tax		43,224	(22,943)
Tax on profit/loss for the year	3	(1,576)	3,792
Profit/loss for the year	4	41,648	(19,151)

Parent balance sheet at 31.12.2020

Assets

		2020	2019
	Notes	DKK'000	DKK'000
Investments in group enterprises		647,509	647,509
Financial assets	5	647,509	647,509
Fixed assets		647,509	647,509
Deferred tax	6	2,216	3,792
Receivables		2,216	3,792
Cash		30,370	49
Current assets		32,586	3,841
Assets		680,095	651,350

Equity and liabilities

		2020	2019
	Notes	DKK'000	DKK'000
Contributed capital		50	50
Retained earnings		449,956	408,309
Equity		450,006	408,359
Bank loans		216,960	228,480
Other payables		0	63
Non-current liabilities other than provisions	7	216,960	228,543
Current portion of non-current liabilities other than provisions	7	11,520	8,640
Trade payables		224	314
Payables to group enterprises		0	4,795
Tax payable		0	144
Other payables		1,385	555
Current liabilities other than provisions		13,129	14,448
Liabilities other than provisions		230,089	242,991
Equity and liabilities		680,095	651,350
Contingent liabilities	8		
Assets charged and collateral	9		
Related parties with controlling interest	10		
Transactions with related parties	11		

Parent statement of changes in equity for 2020

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	50	408,308	408,358
Profit/loss for the year	0	41,648	41,648
Equity end of year	50	449,956	450,006

Notes to parent financial statements

1 Staff costs

	2020	2019 DKK'000
	DKK'000	
Wages and salaries	3,836	1,351
Pension costs	131	27
Other social security costs	5	1
	3,972	1,379
Average number of full-time employees	2	1

	Remuneration of manage-	Remuneration of manage-
	ment	ment
	2020	2019
	DKK'000	DKK'000
Total amount for management categories	4,482	649
	4,482	649

Pursuant to Section 98b(iii) of the Danish Financial Statements Act, remuneration to the members of the Executive Board and Management is disclosed in total.

2 Other financial expenses

	2020	2019
	DKK'000	DKK'000
Other interest expenses	8,528	6,579
Other financial expenses	333	5,940
	8,861	12,519

3 Tax on profit/loss for the year

	2020	2019
	DKK'000	DKK'000
Current tax	0	(3,792)
Change in deferred tax	1,576	0
	1,576	(3,792)

4 Proposed distribution of profit and loss

	2020	2019
	DKK'000	DKK'000
Retained earnings	41,648	(19,151)
	41,648	(19,151)

5 Financial assets

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

6 Deferred tax

	2020	2019
Changes during the year	DKK'000	DKK'000
Beginning of year	3,792	0
Recognised in the income statement	(1,576)	3,792
End of year	2,216	3,792

7 Non-current liabilities other than provisions

			Due after
	Due within 12	Due within 12	more than 12
	months	months	months
	2020	2019	2020
	DKK'000	DKK'000	DKK'000
Bank loans	11,520	8,640	216,960
	11,520	8,640	216,960

No bank loans are due after 5 years.

8 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where AX V ESB 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.

9 Assets charged and collateral

The company has provided collateral in the subsidiaries shares as collateral for balances with credit institutions.

10 Related parties with controlling interest

AX V ESB Holding I ApS, Struenseegade 9, 2., 2200 Copenhagen owns all shares in the Entity, thus exercising control.

11 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during 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).

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.

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.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover 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, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of goods is recognised in the income statement when delivery is made at the place determined by the customer before the end of the financial year. Revenue is measured at fair value excl. VAT and less granted goods and customer discounts.

Other operating income

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

Cost of sales

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

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables 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, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in group enterprises

Income from investments in group enterprises comprises dividends etc. received from the individual group enterprises in the financial year.

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.

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. 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 period used are 20 years.

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

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

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. The amortisation periods used are 3-5 years.

Intagible acquired rights and other intagible assets acquired are measured at cost less accumulated amortisation and written down to the lower of recoverable amount and carrying amount.

The following estimated useful lives apply:

Acquired development projects

Acquired intangible assets

Acquired rights

3-5 years

8 years

20 years

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 on property, plant and equipment used in the manufacturing 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:

Other fixtures and fittings, tools and equipment 3-10 years
Leasehold improvements 5-10 years

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 measured at cost. Investments 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 cost according to the weighted average price method. In the event of cost exceeding net realisable value, write-down is made to this lower value. Cost of goods for resale consists of costs for raw materials, direct salaries with the addition of production overhead costs. Production overhead

costs consists of indirect materials and salaries and maintenance of and depreciation on the machines used in the production process, buildings and equipment and costs to administration and leadership of the production.

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.

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.

Other financial liabilities

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

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The company have left out cash flow statement in accordance with the Danish Financial Act Statements §86, 4., due to the preparation of cash flow statements in the consolidated financial statements for the largest group.