KELVIN HOLDCO A/S

Annual Report

2022/23

Together we build confidence in consumer safety

Contents

1 May 2022 to 30 April 2023

The Annual Report was presented and adopted at the Annual General Meeting of the Company on:
/ 2023

Chair of the meeting

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Overview

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Letter from our CEO

Despite a challenging year, Ellab stands stronger than ever with a record topline. A new commercial strategy, which builds on 20 years of successful strategy, will ensure Ellab's continued growth.

Ellab continues to grow and build confidence in consumer and patient safety around the globe. Increasing legal requirements for production mean that the demand for Ellab's solutions is high. Despite war in Ukraine, rising energy prices in Europe, hiking interest rates and risk of recession, it has been another good year for Ellab, where we hit an all-time high topline.

This shows the strength and flexibility of Ellab's portfolio. We can sell equipment, rent out equipment, but also carry out a service for customers with our equipment. In the tough market where customers switched from investing CAPEX to spending OPEX, we were able to retain customers but also win new ones.

Ellab continues to be ambitious and innovative, and our compass is our mission, Together we build con-fidence in consumer safety, and that we should add value to our customers. When we invest in new products and teams in the future, it will be with focus on our customers and based on the voice of customer research. Our equipment and services secure that we will be a full solution provider in sell/rent services in all biopharma hotspots. We have bought seven companies in the fiscal year, and we are happy to welcome them all to Ellab. It is a geographical expansion of our Field Service business line, and this adds to the ambition of becoming a full solution provider in all hotspots. On the monitoring side, we are launching a completely new solution designed for pharmaceutical companies. It is based on the voice of customer research, where we have listened to customer needs, customer workflows and customer pains. We expect much from this innovative solution.

During November and December, we completed the annual Customer Satisfaction Survey with more than 250 end customers participating. We are happy to conclude that we once again got a very positive result. 94% of our core customers are overall satisfied or very satisfied with Ellab, which is 4 points better than our target. Our Net Promoter Score (NPS), measuring customer loyalty, is 39 for core customers, which is 9 points better than our target. I want to thank everyone in Ellab for once again achieving such a great result.

Since we are constantly growing both organically and through acquisitions, it is increasingly important for us to look at the well-being of the employees. Therefore, we benchmark the well-being figures, and our Engagement Survey from the fall shows that the employees are highly engaged and appreciate the amount of influence on the job and cooperation with other colleagues. We now have a particular focus on the areas of mental health, communication, leadership, balance, and physical working environment. We will continue to preserve and strengthen the strong culture that exists in Ellab, where employees care about each other, laugh together, work together and enjoy being together. We will continue to invest in our teams and ensure that Ellab is a great place to work. We want to have an engaged workforce and invest in customer-faced teams that give customers the best experience.

During the year we have taken huge steps towards our sustainability goals, and we will continue to work hard on that agenda, because it is so important. We all need to do our part and as a global company we have a huge responsibility to do more. We are now neutral on scope 2, indirect emissions from purchase of electricity, heating/cooling and consumption. We have started to design new products differently to reduce CO2. We have applied to become part of Science Based Targets (SBTi), and our targets on scope 1, 2 and 3 have been approved. We are now committed to addressing global challenges related to climate change and waste, and we are in the beginning of implementing the new EU standard on Environmental and Social Governance (CSRD)

Olof Ludvig Enlund
CEO

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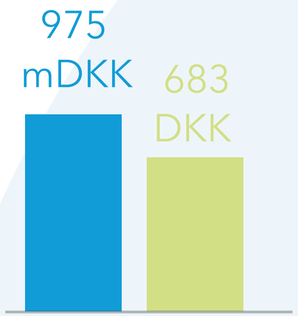
Highlights 2022/23

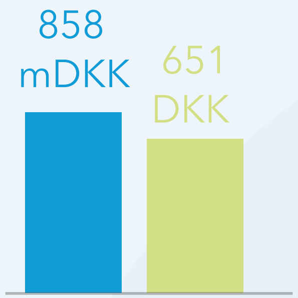
Financial Highlights from 22/23 at a glance

Revenue

+32%



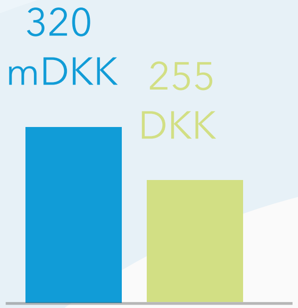
Proforma revenue includes full-year impact of the completed M&A's in the year.



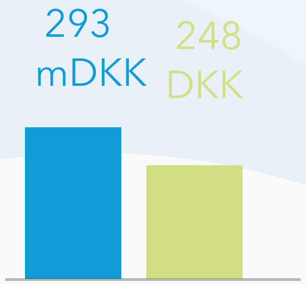
Reported revenue includes completed M&A's as of their respective closing dates.

Adjusted EBITDA

+18%



Proforma EBITDA includes full-year impact of the completed M&A's in the year.



Reported EBITDA includes completed M&A's as of their respective closing dates.

7 new companies

M&A activity

During 2022/23 the Ellab Group continued its M&A agenda adding seven new companies to the Group. The acquired companies has positioned the Group to further growth.

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Five Year Summary

DKK million	2022/23 12 months	2021/22 12 months	2020/21 12 months	2019/20 16 months	2018 7 months
Key figures					
Income statement					
Revenue	858.2	650.8	497.2	257.0	0.0
Gross profit	510.0	415.9	326.4	170.4	0.0
Operating profit	138.2	136.6	109.3	1.0	0.0
Net financials	(48.1)	(59.5)	(17.1)	(37.8)	0.0
Net profit for the year	64.7	43.1	53.4	(42.5)	(0.0)
Balance Sheet					
Balance sheet total	3,174.7	2,755.1	2,658.0	2,638.7	0.1
Equity	1,656.6	1,590.5	1,567.2	1,507.5	0.0
Investment in property, plant and equipment	(37.4)	(21.5)	(21.8)	(17.9)	0.0
Cash flows					
Cash flow from operating activities	85.9	127.4	119.0	(58.0)	0.0
Cash flow from investing activities	(395.0)	(92.2)	(53.0)	(1,776.8)	0.0
Cash flow from financing activities	311.0	(36.2)	(31.5)	1,909.6	0.0
Cash flow for the year	1.9	(1.0)	34.5	74.8	0.0
Number of employees	637	456	373	270	0

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Financial Highlights

DKK million	2022/23 12 months	2021/22 12 months	2020/21 12 months	2019/20 16 months	2018 7 months
Ratios					
Adjusted EBITDA	293.0	248.5	202.9	103.0	(0.0)
Adj. EBITDA margin	34.1%	38.2%	40.8%	40.1%	N/A
Solvency ratio	52.2%	57.7%	59.0%	57.1%	N/A
Return on equity	4.0%	2.7%	3.5%	-5.6%	N/A

The Group was etablished on 11 June 2018, and the financial year 2018 only covers the period 11 June to 31 December 2018 (7 months).

The year 2019/20 covers the period 1 January 2019 - 30 April 2020 (16 months).

Through the subsidiary Kelvin BidCo A/S, the Company acquired Saballe TopCo ApS in liquidation, the owner of Ellab A/S, on 26 September 2019.

Hence the figures in the income statement for 2019/20 do not cover a full 12 months owner period.

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under Accounting Policies.

The above numbers are not proforma adjusted and do not include the full year impact of acquired entities during the year.

![Ellab logo]

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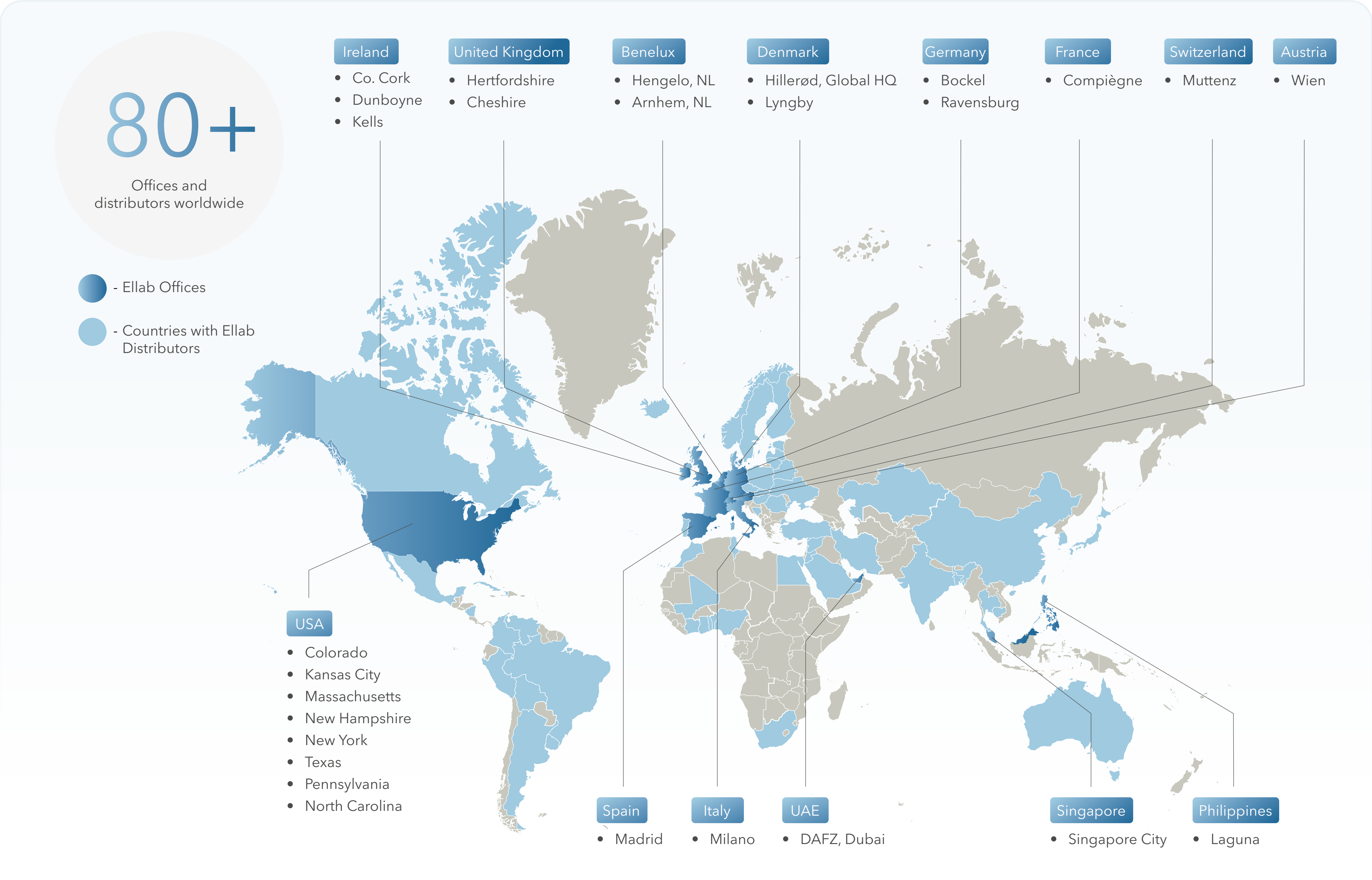
Global Expertise with Local Reach



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Our offering - with our equipment and services we help our customers to get confidence in consumer safety

Equipment

Data Loggers

Thermocouple system

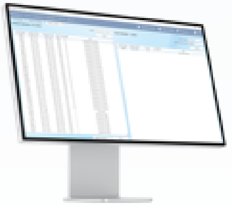
- Industry-leading accuracy for measuring temperature, pressure, humidity, conductivity, CO2, and vacuum.
- Wide range of applications within Life Science and Food Manufacturing.
- Qualify or re-qualify storage, chambers, or manufacturing equipment, as well as validation of product quality.
- Rental of validation equipment is also available.

Monitoring

- Continuously monitoring of critical processes or environments.
- Includes extensive measurement options, such as temperature, humidity, differential pressure, CO2, and flood & leak.

ValSuite®

CalSuite



myEllab

EMSuite

Field Services & Consulting

CQV & Calibration

- Skilled field service engineers conducting Commissioning, Qualification and Validation (CQV) at the customer's facilities.
- Long-term staffing assignments.
- Field calibration of sensors and various equipment.

Consulting

- GMP Consulting.
- Process/ Equipment Engineering.
- Various other consulting or project management offerings within the V-model.

VMS

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Ellab at Work

Ellab's supply chain role during the global Covid-19 response

At Ellab our mission is to build confidence in customer safety. We do that by adding value to our customers through our equipment and service offering, as our offering can reduce down-time/time-to-market and increase the quality and reliability of the validation and monitoring at our customers.

As a validation and monitoring tech and service partner, we help biopharmaceutical companies meet compliance requirements and deadlines today, and tomorrow – allowing us to build confidence in patient safety together.

One way we've successfully done this, was during the COVID-19 pandemic, where our solutions enabled our customers to validate that their freezers were safe to store Covid vaccines – ultimately ensuring that they were safe use.

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Sustainability

To secure a sustainable future we continue to increase our efforts on sustainability.

The Ellab family lives and breathes its values, and that means that while reducing emissions and waste is a necessity, it's not enough. Being a sustainable company is more than just being green. It also means ensuring decent jobs, equal opportunities, anti-discrimination and anti-corruption policies, good employee health and much more. All are areas that we feel strongly about and work to improve every day.

This section is to report on ESG and corporate social responsibility (CSR) for the financial year 2022/23, in accordance with the Danish Financial Statements Act ("Lovpligtig redegørelse for samfundsansvar, jf årsregnskabslovens §99a") for Kelvin HoldCo A/S. Information on the Group's business model can be found on page 17 in section 'Key activities', 'Business lines' and 'Overview'.

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Sustainability

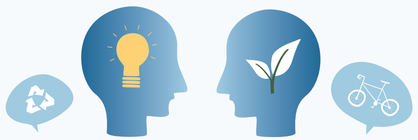
We at the Ellab Group have an ambition to reduce our green-house gas emissions in line with Science Based Targets and continue to use 100% renewable electricity. It is our ambition to be among the leading companies in our industry in terms of sustainability: environment, people and business ethics.

Environmental

Electric Certificates

Green Electricity

Science Based Targets



Social

New Life Phase Policy

New Sickness Leave Policy

Governance

Global Policies

Cyber Security Training

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Sustainability

Environmental

Environment and climate

Environment and climate are key to the Group, as complying with selected standards is a prerequisite for the trading with our customers. Further, taking responsibility for the Group's impact on the external environment and climate is important to us. Our policy is to reduce our negative impact where possible with respect to emissions of particularly CO2. Our main identified risk associated with environmental impact is concerning the consumption of aluminum in our production.

To enforce this, the Group constantly work with procedures to comply with the environmental requirements in our own strategy, the legislation, as well as those set by customers. Further, certain employees are dedicated to work with this as part of their daily job, and environmental polices are in place and updated when needed. The Group meets the environmental requirements in the legislation and works consciously and continuously to reduce the environmental impact from the operations according to our strategy. In continuation of this work the Company has an environmental policy and environmental certification (ISO14001). The production facilities in Denmark and UK are mainly assembly facilities with very limited water and electricity usage and low waste from production that impacts environment.

The above mentioned procedures have been in place during the financial year and as a result the Group are fully compliant with internal and external (ISO14001) requirements. During the financial year the Ellab Group has taken further steps in line with its environmental ambition, and this includes that all paper certificates are transformed into electronic certificates to reduce the amount of paper used. Furthermore, as part of our work to comply with Science Based Targets the Ellab Group has reached the goal of running on 100% green electricity. Finally, in May 2023 all our effort and work on Science Based Target was officially approved.

In the next financial year, we will continue to work with the goals set in Science Based Targets, which includes an ambition to reduce our green-house gas emissions and continue to use 100% renewable electricity. Further, we will continue our work on preparing for the new ESG standards issued by the European Union.

Social

Employees and human rights

The employees in the Group are key to the achieved and future success and results. With respect to our supply chains and associate companies, we have not identified any material risks with respect to employee conditions and human rights.

To secure the Group's ability to attract and retain employees, policies and procedures are in place to ensure an internal work environment that supports this. Policies like 'employee code of conduct', and ways of working when hiring people must be applied. 'Global HR Policy' is in place to secure employee human rights that contribute to creating an internal work environment with healthy work terms, protected from bullying & discrimination and with the rights to enter unions. A whistleblowing system is available for employees and external stakeholders to make use of if they experience incidents that do not comply with the terms of Group.

In 2022/23, we continued our efforts to create and sustain an environment that actively embraces human rights, diversity, and inclusion in all areas. As part of this work, new policies on 'Sickness Leave' and 'Life phase' were introduced during the year, as we want to create good working conditions in all phases of working life for all employees for the benefit of both Ellab and its employees. Ellab's life phase policy, which describes the conditions for, among other things, maternity leave and our senior policy, as well as equal opportunity for maternity leave for rainbow families and adoptive families with respect to human rights. Further, the policy secures the same rights during maternity leave, regardless of whether employees are employed on a collective agreement or not. As a part of our global HR digitalization efforts, we engaged with a new supplier for our engagement survey on employee satisfaction and

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Sustainability

workplace assessment. The new system gives us the opportunity to benchmark against other companies in the industry, as the questions are standardized by the third-party vendor as well as providing new and more opportunities for reporting and action planning. The survey had a high response rate of 86%, and showed engagement levels above benchmark. Our eNPS continues its strong results above 50, as in previous years.

The Global Management Team has worked extensively with the findings of the survey, and have initiated a range of global actions within the categories of Harassment, Mental Health, Communication, Balance, Leadership and Physical Work Environment - while managers have conducted local workshops across the Group to capture local actions plans. The results achieved are to a high extent the result of dedicated effort and a constructive attitude from all the employees and leaders. Management thanks all for their excellent efforts, while remaining ambitious to see even strong engagement results in the future.

The Group will in the next financial year continue to work with the findings of the survey and will conduct a new survey to ensure follow-up on the global actions.

Diversity

Our Sustainability policy guarantees equal rights and opportunities for all employees regardless of race, gender, religion, age, ethnicity, sex and sexual orientation. Personal privacy is respected; discrimination and verbal or psychological harassment is not tolerated. We choose the best person for all positions in our organization based on merit and what that person can bring to the role.

Diversity is the existence of many unique individuals in the workplace and community, individuals from different genders, nations, cultures, ethnic groups, backgrounds, skills, abilities and all the other differences that make each of us who we are. An inclusive culture in Ellab is a work environment where every person can fully participate in creating business success and where each person is valued for their distinctive skills, experiences and perspectives.

At the Management level in Ellab Group, our target is to have a balanced management composition and for the time being the mix at management level is 60% (2021/22: 60%) women and 40% (2021/22: 40%) men in the Board of Directors and 38% (2021/22: 38%) women and 62% (2021/22: 62%) men when including the Executive Board. At the next management levels, the underrepresented gender (women) is 23% (2021/22: 22%) and, at present, the underrepresented gender represents 32% (2021/22: 31%) of all employees in the Ellab Group. The seven acquisitions completed during the year added around 150 employees to the Ellab group. As the underrepresented gender on average in these companies was 25%, the Group's target of 35% for the year was not achieved despite the fact that the organic business was able to increase the level of the underrepresented gender during the year.

The Ellab Group has a target for the coming financial year to continue the positive trend towards a more balanced gender and this should be achieved by a continued focus on diversity with respect for hiring the best candidate.

End of April 2023 Ellab Group had 764 employees.

Data ethics

In 2022/23, an assessment of the Group's approach to working with data, already embedded in the existing policies, was carried out. The Group has a code of conduct and several other policies in place which set high standards for the way of working. The result of the assessment showed that good behavior and data ethics are in place, which includes that throughout the year the Group generated, handled and used data in accordance with prior practices and policies, including policies on data privacy and GDPR, and as a responsible company.

It is the ambition of the Group to further formalize the conducts in a separate policy on Data Ethics in accordance with the Danish Financial Statements Act § 99d ("Redegørelse for politik for dataetik, jf. årsregnskabslovens § 99d").

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Governance

The duties and responsibilities of Ellab's various governing bodies are determined by Danish law and Ellab's governance principles, which aim to ensure active and accountable business management across the Group. Ellab's governance structure consists of its Shareholders, the Board of Directors, and the Executive Board.

Shareholders

The Company's shareholders exercise their rights at general meetings. At the Annual General Meeting, shareholders approve the Annual Report including company financial results, discharge of liability for Management and the Board of Directors as well as any dividend proposal or amendment to Ellab A/S' Articles of Association and they elect board members and the independent auditor. Shareholders may include additional topics on the agenda of the Annual General Meeting in accordance with the company's articles of Association and the Danish Companies Act. The general meeting adopts decisions in accordance with the general rules set out in the Danish Companies Act.

The Board of Directors

The Board of Directors holds the overall responsibility for the management of Ellab. The Board of Directors includes people with strong, international business experience in the areas of industry, energy, high technology, finance, business management, and development. They are deemed to possess the required expertise and seniority. The Board of Directors has adopted an annual charter ensuring that all relevant matters are addressed throughout the year. A minimum of 4 ordinary Board meetings are held annually.

Audit Committee

The Group has an Audit Committee. The purpose of this Committee is to overview the processes for reporting, internal controls, risk assessment and cooperation with the independent auditor. The Audit Committee has meeting 4-5 times a year.

Executive Board

The day-to-day responsibility for Ellab's management lies with the Executive Management, consisting of the CEO, CTO, and CFO. The Executive Management is responsible for the conduct of business, all operational matters, organization, allocation of resources, establishing and implementing strategies and policies, direction-setting, and timely reporting of information to the Board of Directors.

To assist in the day-to-day management of the Company, the Executive Board has established a Global Management Team.

Anti-corruption

The Group does not operate in businessess and markets where corruption is considered a major risk, but as part of the Group's approach to ESG, a business code of conduct and an anti-corruption policy are in place.

Ellab has anti-corruption and anti-bribery policies across the Group, as it does not accept corruption and bribery practice in any shape or form in our business. Whoever Ellab may deal with, and wherever Ellab may operate, Ellab is committed to doing so lawfully, ethically and with integrity. Ellab request and demand decent and proper conduct of business from company associates involved in trade with Ellab. Ellab is of the conviction that it is of unquestionable mutual interest, that existing rules and conventions are always adhered to. To trade with Ellab the supplier must of course adhere to all international conventions and national legislation, which are applicable to the country where the work or service is carried out.

In 2022/23 the code of conduct and policies are made available to all employees and new employees will receive information on this subject as part of their onboarding in the Group.

During the year, policies have been updated and new global policies are issued to ensure full awareness across the Group. Furthermore, roll-out of cyber security training to employees have been conducted during the year. The target for the next financial year is to maintain the awareness of the procedures and continue the proper level of cyber security training.

No incidents of corruption or breaches of our business Code of Conduct have been reported.

Whistleblowing system

In addition to our sustainability policy Kelvin Group (Ellab Group) has established a whistleblowing system. It enables internal, as well as external stakeholders, to raise concerns around discrimination anonymously if they feel it is not possible to raise issues through normal channels.

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Financial Performance

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Management's Review

Key activities

"Kelvin HoldCo A/S ("the Company") is the ultimative parent company of the Group (Ellab Group). Ellab Group is the market leading player within high-end validation and monitoring solutions, as well as field service & consulting to primarily life science customers. Ellab serves the top 40 pharma and top 20 biotech companies in the world.

Ellab was established in Denmark in 1949. Today, the Group is headquartered in Hillerød, Denmark, and holds worldwide presence with R&D and production in Denmark and UK and has 24 sales and service centers and over 50 distributors around the globe. The company employs almost 800 people.

"Together we build confidence in consumer safety" - is the overall purpose of the Ellab Group.

Business lines

Validation Solutions

Validation Solutions are mission-critical validation systems, used for measuring and documenting critical parameters, such as temperature, pressure and humidity, through an industry leading and highly automated software suite.

Monitoring Solutions

Monitoring Solutions are continuous monitoring of critical processes covering temperature, humidity, pressure and CO2 in a hybrid on-premises/cloud IoT solution.

Field Services & Consulting:

Field Services & Consulting are services within calibration, validation and GMP consulting, which are essential to regulatory compliance.

Overview

Ellab handles sales and services by its own sales companies in the Nordics, Germany, Austria, Switzerland, Italy, UK, Ireland, France, Benelux, Spain, North America, Middle East, Singapore, and Philippines. Other markets are handled through partnerships with independent distributors.

Production, assembly, quality inspection and development of Ellab Validation Equipment (Data Loggers and Thermocouple Systems) take place in the facility in Hillerød, Denmark and production, assembly, quality inspection of Monitoring Systems take place in the facility in Letchworth, United Kingdom.

Development in the year

During 2022-23 the Group has grown significantly through organic growth and through M&A. The market that Ellab is supporting is a very resilient market – and Ellab has a strong position in the market, which is why Ellab continues to achieve growth, despite the tough economic environment, the war in Ukraine and the increasing interest rates and inflation.

In 2022/23 significant investments were made to support the future growth of the Group, such as expanding the sales organization into new regions, further investments in product and software development and investments in supporting functions.

M&A is an important part of the strategy for Ellab as it is a way for Ellab to do fast geographical expansion. During 2022/23 the following companies were added to the Ellab Group:

- June 2022, Causa. Dutch company specialized in qualification of disinfection and sterilization equipment in the healthcare, pharma and food industries.
- July 2022, Project Support. A Danish company specialized in validation, calibration, consulting as well as equipment rental solutions to the pharmaceutical and biotech industries.
- September 2022, CalX. An Irish provider of field calibration and complete calibration management.
- November 2022, Integrated Commissioning & Qualification Corporation. A US validation service and consulting company.
- December 2022, Evolution Scientific. A US company specializing in preventative and corrective maintenance, calibration and metrology, certification, validation and technical staffing.
- March 2023, Complete Technical Solutions. An English full turnkey solution for Commissioning, Qualification and Validation (CQV).
- April 2023, PharmaSys. A US validation service and consulting company within commissioning, qualification, and validation (CQV) services.

Revenue amounts to DKK 858.2 million and has increased by DKK 207.4 million (+32%) compared to last year. The increase is driven by growth in the business lines Validation Solutions and Field Service & Consulting, especially in the US, as well as acquisitions during the year and the full year impact of last year's acquisitions.

Operating profit before special items amounts to DKK 174.7 million and has increased by DKK 15.3 million (+10%) compared to last year driven by the revenue growth partly offset by higher operating expenses.

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Management's Review

The adjusted EBITDA (note 7) for the period amounts to DKK 293.0 million and has increased by DKK 44.5 million (+18%). The adjusted EBITDA margin for the period amounts to 34.1% compared to 38.2% for the same period last year. The lower margin is explained by the impact from acquisitions and organic growth within Field Service & Consulting, where the margins are lower compared to Validation and Monitoring Solutions, as well as the investments in commercial and supporting functions.

The reported revenue and adjusted EBITDA do not include 12 months from the acquisitions during the financial year. The proforma table is to disclose the full-year revenue and adj. EBITDA run rate entering the next financial year.

DKK million	Reported	M&A impact	Proforma
Revenue	858	117	975
Adj. EBITDA	293	27	320

Special items amounted to DKK 36.5 million and mainly consist of acquisition and integration costs for M&A, severance costs and implementation/roll-out of new global ERP solution. Net financial items amount to a cost of DKK 48.1 million compared to a cost of DKK 59.5 million last year despite higher interest costs from increased borrowing and a higher interest rate level, as the net impact from exchanges rates was a gain compared to a loss last year. Income taxes for the year amount to a cost of DKK 25.4 million, equivalent to a tax percentage of 28.2% versus 44.1% last year. The decline in the tax percentage compared to last year was explained by the specific acquisition structures of intellectual properties sold to Denmark during the year as part of the Group's transfer pricing setup as well as a lower negative impact from interest deduction limitation.

Net profit for the year amounts to DKK 64.7 million compared to DKK 43.1 million for the same period last year. Total comprehensive income amounts to DKK 61.9 million and consists of the net profit for the year and a negative exchange rate adjustments of net investments in foreign operations.

Total assets amount to DKK 3,174.7 million as per 30 April 2023 compared to DKK 2,755.1 million as per 30 April 2022. Total assets are impacted by the seven acquisitions completed during the year and an increasing activity level. Total equity amounts to DKK 1,656.6 million as per 30 April 2023 and has increased by DKK 66.1 million compared to the same period last year explained by the positive comprehensive income for period.

Cash flow from operating activities for the financial year amounts to DKK 85.9 million (2021/22 DKK 127.4 million), as higher earnings could not compensate for a more negative impact from net working capital, explained by the increasing activity level, as well as higher financial expenses paid.

Cash flow from investing activities for the financial year was an outflow of DKK 395.0 million (2021/22 DKK 92.2 million). The higher outflow is mainly due to an increasing level of M&A.

Cash flow from financing activities amounts to an inflow of DKK 311.0 million (2021/22 outflow of DKK 36.2 million) as the Group has increased its financing to facilitate the M&A activity.

Expectations from last year and development for the coming year

The actual organic growth in EBITDA was 8% compared to the expectations for the year of 15%. Management considers the result to be satisfactory, with acknowledgement of the challenging macro situation during the year, as the Group in 2022-23 continued to grow organically, onboarded seven new companies and invested significantly in the organization.

Management expects the Group to continue the positive development in revenue, EBITDA and net profit as the historical organic growth is expected to continue, supported by the underlying market growth and the strong position Ellab has in this market. The group will also continue to do geographical expansion through M&A in 2023/24.

The organic activity level of revenue is expected to increase by approx. 15% - and adjusted EBITDA is expected to increase organically by more than 20% compared to the 2022/23 end run-rate.

Operating risk and financial risks

With activities around the world Ellab has the risks inherent in international activities, including currency risks, particular in USD and GBP. The Ellab Group is not particularly exposed to changes in interest rates.

Research and development

The Ellab Group continuously invest significantly in Research and Development. Research and Development costs for 2022/23 amount to DKK 18.5 million (DKK 21.7 million) and relates to the development of software, products and processes within Validation and Monitoring Solutions as well as Field Service & Consulting.

The decrease is explained by a higher level of capitalized projects during the year, mainly our new monitoring solution Trackview Pro. Gross R&D expenses are in line with last year.

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Intellectual capital resources of importance for future earnings

The Group's policy is a continuous development of products and processes. It is therefore crucial that the Group in the future can attract and retain competent and motivated employees, including engineers.

Intellectual properties

Due to a growing organization and market presence, and in order to strategically harvest the benefits of such growth, the operating model of Ellab has naturally evolved to a more centralized operating model over time, with a number of key functions being performed centrally and key strategic and operational decisions taken centrally by the Company for the global organization.

Ellab A/S is generally the legal and economic owner of the Group's intangible property rights. This ownership is aligned to and supported by the fact that Ellab A/S also initiates, manages, finances, oversees and controls all research and development activities within the Group.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The Group and the results of the activities and cash flows of the Group for the financial year for 2022/23 have not been affected by any unusual events.

Subsequent events

On 20 June 2023, the owners of the Kelvin Group, EQT Mid Market Europe Fund (EQT), signed an agreement regarding the sale of Kelvin Group to Novo Holdings A/S. Novo Holdings is a holding and investment company that is responsible for managing the assets and the wealth of the Novo Nordisk Foundation.

The Group's borrowings from financial institutions include a change of control clause, which stipulates that the borrowings will become due immediately after the change of control. The closing date of the sale of Kelvin Group is not yet determined.

No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Ownership

In September 2019, EQT Mid Market Europe GP B.V., acting in its capacity as general partner of EQT Mid Market Europe Limited Partnership ("EQT") acquired Ellab Group. EQT are members of the organization for venture capital and private equity (DVCA).

Contents

Board of Directors and Executive Board

Board of Directors

Bo Harald Peter Risberg

Chairperson

Independent: Yes
Former Chairperson Dellner Couplers, former Chairperson Piab, former CEO Hilti Corporation

Rikke Kjær Nielsen

Boardmember

Independent: No

EQT

Anna Karolina Levander

Boardmember

Independent: Yes
Former CSO Envirotainer, former VP Sales Thermo Fisher Scientific

Peter Krogh

Boardmember

Independent: No
Chairperson of the Audit Committee
Former CEO Ellab

Sarah Katherine Newbitt

Boardmember

Independent: Yes
Non executive director Azurite, former non executive director Dorner, former VP Unilever

Contents

Board of Directors and Executive Board

Executive Board

Olof Ludvig Enlund

CEO

Joined Ellab in Oct 2020

Ex General Manager Of Digital Solutions & Head Of Equipment Solutions at ESAB, previously worked at McKinsey and Accenture Management Consulting

Lars Normand Hansen

CTO

Joined Ellab in May 2000

Ex Vice President Engineering at SFK Technology

Andreas Morthorst

CFO

Joined Ellab in Mar 2022

Ex CFO Tivoli, Sr. VP Scandinavian Tobacco Group, Sr. Manager for Audit & Advisory at PWC, Authorized Public Accountant

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Financial Statements

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Consolidated Income Statement

1 May - 30 April

DKK million	Note	2022/23	2021/22
Revenue	3	858.2	650.8
Cost of production	4, 5	(348.2)	(234.9)
Gross profit		**510.0**	**415.9**
Distribution costs	4, 5	(217.2)	(196.0)
Development costs	4, 5	(18.5)	(21.7)
Administration costs	4, 5	(99.6)	(38.8)
Operating profit before special items		**174.7**	**159.4**
Special items	6	(36.5)	(22.8)
Operating profit		**138.2**	**136.6**
Financial income	8	61.3	21.2
Financial expenses	8	(109.4)	(80.7)
Profit before tax		**90.1**	**77.1**
Income taxes	9	(25.4)	(34.0)
Net profit for the year		**64.7**	**43.1**
Adjusted EBITDA	**7**		

Consolidated Statement of Comprehensive Income

1 May - 30 April

DKK million	Note	2022/23	2021/22
Net profit for the year		**64.7**	**43.1**
Other comprehensive income			
Items that will be recycled subsequently to the Consolidated Income Statement, when specific conditions are met:			
Foreign exchange adjustments on net investments in foreign operations		(2.8)	8.5
Other comprehensive income for the year, net of tax		**(2.8)**	**8.5**
Total comprehensive income for the year		**61.9**	**51.6**

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Consolidated Balance Sheet at 30 April

Assets

DKK million	Note	2023	2022
Intangible assets	10	2,636.4	2,332.8
Property, plant and equipment	11	64.9	48.3
Right-of-use assets	13	60.9	53.6
Other receivables		2.8	2.3
Deferred tax assets	12	0.6	1.6
Total non-current assets		**2,765.6**	**2,438.6**
Inventories	14	57.8	45.5
Trade receivables	15	214.3	143.5
Contract assets	16	12.3	7.2
Income tax receivables		1.4	1.3
Other receivables		3.8	1.5
Prepayments		8.8	7.1
Cash and cash equivalents		110.7	110.4
Total current assets		**409.1**	**316.5**
Total assets		**3,174.7**	**2,755.1**

Consolidated Balance Sheet at 30 April

Equity and Liabilities

DKK million	Note	2023	2022
Share capital	17	156.5	155.5
Foreign currency translation reserve		2.6	5.4
Retained earnings		1,497.5	1,429.6
Total equity		**1,656.6**	**1,590.5**
Borrowings	18	1,032.9	731.4
Lease liabilities	13	49.9	48.1
Deferred tax liabilities	12	235.6	220.2
Total non-current liabilities		**1,318.4**	**999.7**
Trade payables		28.9	28.3
Lease liabilities	13	18.0	11.4
Income tax payables		32.0	44.0
Other payables		106.4	70.9
Deferred revenue	16	14.4	10.3
Total current liabilities		**199.7**	**164.9**
Total liabilities		**1,518.1**	**1,164.6**
Total equity and liabilities		**3,174.7**	**2,755.1**

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Consolidated Cash Flow Statement

1 May - 30 April

DKK million	Note	2022/23	2021/22
Net profit for the year		64.7	43.1
Adjustments	27	189.3	187.7
Changes in net working capital	28	(57.6)	(20.6)
Financial income received		1.7	3.8
Financial expenses paid		(58.9)	(34.6)
Income taxes paid		(53.3)	(52.0)
Cash flow from operating activities		**85.9**	**127.4**
Purchase of intangible assets	10	(12.8)	(11.6)
Purchase of property, plant and equipment	11	(37.4)	(21.5)
Payment for acquisition of subsidiaries, net of cash acquired	21	(345.9)	(59.1)
Sale of property, plant and equipment		1.1	0.0
Cash flow from investing activities		**(395.0)**	**(92.2)**
New financing		318.5	0.0
Principal elements of lease payments	13	(11.7)	(7.9)
Acquisition of treasury shares		(43.5)	(44.3)
Disposal of treasury shares		18.1	16.0
Cash capital increase		29.6	0.0
Cash flow from financing activities		**311.0**	**(36.2)**

DKK million	Note	2022/23	2021/22
Net cash flow for the year		**1.9**	**(1.0)**
Cash and cash equivalents, beginning of the year		110.4	107.8
Effects of exchange rate changes on cash and cash equivalents		(1.6)	3.6
Net cash flow for the year		1.9	(1.0)
Cash and cash equivalents at end of the year		**110.7**	**110.4**
Cash and cash equivalents comprise the following:			
Cash at bank and in hand		110.7	110.4
Cash and cash equivalents at end of the year		**110.7**	**110.4**

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Consolidated Statement of Changes in Equity

DKK million	Note	Share capital	Foreign currency translation reserve	Retained earnings	Total
Equity at 1 May 2022	17	**155.5**	**5.4**	**1,429.6**	**1,590.5**
Profit for the year		0.0	0.0	64.7	64.7
Other comprehensive income		0.0	(2.8)	0.0	(2.8)
Total comprehensive income for the year		**0.0**	**(2.8)**	**64.7**	**61.9**
Capital increase		1.0	0.0	28.6	29.6
Acquisition of treasury shares		0.0	0.0	(43.5)	(43.5)
Disposal of treasury shares		0.0	0.0	18.1	18.1
Transactions with owners		**1.0**	**0.0**	**3.2**	**4.2**
Equity at 30 April 2023		**156.5**	**2.6**	**1,497.5**	**1,656.6**

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Consolidated Statement of Changes in Equity

DKK million	Note	Share capital	Foreign currency translation reserve	Retained earnings	Total
Equity at 1 May 2021	17	**155.5**	**(3.1)**	**1,414.8**	**1,567.2**
Profit for the year		0.0	0.0	43.1	43.1
Other comprehensive income		0.0	8.5	0.0	8.5
Total comprehensive income for the year		**0.0**	**8.5**	**43.1**	**51.6**
Capital increase		0.0	0.0	0.0	0.0
Acquisition of treasury shares		0.0	0.0	(44.3)	(44.3)
Disposal of treasury shares		0.0	0.0	16.0	16.0
Transactions with owners		**0.0**	**0.0**	**(28.3)**	**(28.3)**
Equity at 30 April 2022		**155.5**	**5.4**	**1,429.6**	**1,590.5**

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Notes - Group

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Notes - Group

1. Accounting policies

The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as additional Danish disclosure requirements applying to entities of large enterprises reporting in class C.

The annual report has been prepared under the historical cost convention, except for derivative financial instruments that are measured at fair value. The financial statements are presented in million Danish Kroner (mDKK) with one digit, which is also the parent company's functional currency.

Basis of consolidation

The consolidated financial statements include the parent company, Kelvin HoldCo A/S, and its subsidiaries (the Group). Subsidiaries are all entities over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Foreign currency translation

Functional currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and- all resulting exchange differences are recognised in other comprehensive income.

Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:- fair values of the assets transferred- liabilities incurred to the former owners of the acquired business- equity interests issued by the group- fair value of any asset or liability resulting from a contingent consideration arrangement, and- fair value of any pre-existing equity interest in the subsidiary. currency').

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.
The excess of the:- consideration transferred,- amount of any non-controlling interest in the acquired entity, and- acquisition-date fair value of any previous equity interest in the acquired entityover the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

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Business Combinations (continued)

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such measurement are recognised in profit or loss.

Cost of production

Cost of production comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Distribution costs

Distribution expenses from sales units comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses, sales office expenses as well as operation of motor vehicles, depreciation, etc. Amortisation of intangible assets, except for development projects, are included in distribution costs.

Development costs

Research and development costs comprise research costs, costs relating to development projects that do not qualify for recognition in the balance sheet as well as amortisation and impairment of development projects.

Administrative costs

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Impairment of non-current assets

Goodwill and development projects in progress are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Prepayments

Prepayments recognised as an asset comprise prepaid expenses regarding subsequent financial reporting years.

Cash and cash equivalents comprises cash and bank balances.

Cash and cash equivalents comprises cash and bank balances.

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Equity

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deductions, net of tax, from the proceeds.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Treasury shares

Cost of acquisition and consideration received are recognised directly in equity as retained earnings. Gains and losses on sale are thus recognised directly in equity.

Financial liabilities

Borrowings are initially recognised at fair value which is generally proceeds received, and net of transaction costs incurred. Subsequently, borrowings are measured at amortised cost. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Other financial liabilities, including bank and loans, trade and other payables, are on initial recognition measured at fair value. The liabilities are subsequently measured at amortised cost.

Derivative financial instruments

Derivative financial instruments are recognised and measured in the balance sheet at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and other payables, respectively.

Fair values of derivative financial instruments are calculated on the basis of observable data applying generally accepted valuation methods.

Gains and losses on derivative financial instruments are recognised as they arise in financial income and expense.

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets traded in active markets are based on quoted market prices at the close of trading on the reporting date.
The fair value of financial instruments that are not traded in an active market is determined using generally accepted valuation technics based on observable inputs from active markets. For financial liabilities where the fair value is disclosed, the fair value is estimated by discounting future contractual cash flows at the current market interest rate.

Cash flow statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated as the net profit for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities comprise cash flows from acquisitions and disposals of companies, intangible assets, property, plant and equipment as well as fixed asset investments. Cash flows from financing activities comprise cash flows from the raising and repayment of long term debt and principal element on lease payments as well as payments to and from shareholders.

Key Figures

The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts.

Financial highlights

Adoption of new and amended IFRSs

$$\text{Solvency Ratio} = \frac{\text{Equity at year end}}{\text{Total assets at year end}}$$

$$\text{Return on equity} = \frac{\text{Net profit for the year}}{\text{Average equity}}$$

Management has assessed the impact of new or amended and revised accounting standards and interpretations (IFRSs) issued by the IASB and IFRSs endorsed by the European Union effective on or after 1 May 2022. It is assessed that application of amendments effective from 1 May 2022 has not had a material impact on the consolidated financial statements for 2022/23. Furthermore, Management does not anticipate any significant impact on future periods from the adoption of these amendments.

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Notes - Group

2. Critical accounting estimates and judgements

In the preparation of the consolidated financial statements according to IFRS, Management is required to make certain estimates as many financial statement items cannot be reliably measured, but must be estimated as the value of assets and liabilities often depends on future events that are somewhat uncertain.

The judgments, estimates and assumptions made are based on historical experience and other factors that Management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. A description of significant accounting estimates and judgments is included in the relevant notes:

- Goodwill (note 10)
- Business combinations (note 21)

Please refer to the specific notes for further information on the key accounting estimates and assumptions applied.

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Notes - Group

3. Revenue from contracts with customers

The Group derives revenue from the following business lines.

DKK million	2022/23	2021/22
Validation Solutions	456.1	425.5
Monitoring Solutions	51.1	57.3
Field Services & Consulting	351.0	168.0
Total revenue	**858.2**	**650.8**
Revenue is recognised as follows:		
At a point in time	507.2	482.8
Over time	351.0	168.0
Total revenue	**858.2**	**650.8**

Accounting Policies

Revenue relating to sale of validation and monitoring equipment is recognised at a point in time when control of the products transfers to the customers, usually upon delivery, and it is probable that the Group will collect the consideration to which it is entitled for transferring the products. The amount of sales to be recognised is based on the consideration the Group expects to receive in exchange for its goods. Each product is considered as one performance obligation.

The revenue from field service and other consultancy services relates to consultancy services for validation and other services. Revenue is derived over time and recognised in the income statement as the services are rendered. Field service and other consultancy contracts include fixed price contracts and contracts based on hourly rates. Distinct contracts are considered as one performance obligation. Revenue is recognized by measuring progress towards completion of the performance obligation.

Measurement of progress is based on an input method relating to direct labour hours spent. For contracts with differences between cumulative revenue recognized and cumulative amounts invoiced to the customer, the Group recognizes a contract asset or a contract liability for the difference.

For field service and other consultancy contracts where the customers are invoiced a fixed amount for each hour of services provided, Ellab applies the practical expedient in IFRS 15, whereby revenue is recognised in the amount to which Ellab has a right to invoice, as this corresponds directly with the value of the completed services.

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Notes - Group

4. Employee costs

DKK million	2022/23	2021/22
Wages and salaries	340.4	224.1
Defined contribution plans	12.7	8.4
Other social security costs	19.3	14.1
Other staff costs	14.3	14.0
Total employee costs for the year	**386.7**	**260.6**
Employee costs included in intangible assets	(10.1)	(6.7)
Change in employee costs included in inventories	(1.1)	(1.0)
Total employee costs expensed to the income statement	**375.5**	**252.9**
Wages and Salaries, pensions and other social security expenses are recognised in the following items:		
Cost of production	206.5	133.1
Distribution costs	85.8	84.5
Development costs	12.6	15.9
Administrative costs	70.6	19.4
Total employee costs expensed to the income statement	**375.5**	**252.9**
Average number of employees	637	456

Key Management Compensation

Key Management consists of Executive Board and the Board of Directors and total compensation paid or payable for employee services is shown below:

DKK million	2022/23	2021/22
Wages and salaries	9.1	8.9
Board fee	0.8	0.8
Defined contribution plans	0.5	0.4
Other social security costs	0.0	0.0
Total	**10.4**	**10.1**

Executive Board DKK 8.5 million (2021/22: DKK 8.4 million) and Board of Directors DKK 0.8 million (2021/22: DKK 0.8 million).

In 2022/23 salary to the CFO is included for 12 months. In 2021/22 salary for the former CFO is included for 8 months and for 2 months for the new CFO. Remuneration to the board member for consultancy work has been included in 2022/23 and 2021/22.

Wages and salaries include fixed-base salary and accrued cash bonuses designed to incentivize individual performance and the achievement of a number of predefined short-term functional and individual business targets. If an individual is dismissed, the ordinary salary is paid for up to a 9-month notice period. In the event of change of control, individuals do not receive any additional compensation.

Certain employees participate in a management equity program, which allows them to acquire shares in Kelvin HoldCo A/S. The investment was made at fair value why no economic benefit to the participants, hence, no expenditure or effect on either the balance sheet or on the income statement of the Group.

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Notes - Group

5. Amortisation, depreciation and impairment losses

DKK million	2022/23	2021/22
Intangible assets	78.8	63.6
Property, plant and equipment	25.8	16.6
Right-of-use assets	13.7	8.9
Total	**118.3**	**89.1**

Depreciation, amortisation and impairment losses are recognised in the following items:		
Cost of production	17.6	10.9
Distribution costs	88.9	69.8
Development costs	3.2	3.9
Administrative costs	8.6	4.5
Total	**118.3**	**89.1**

Notes - Group

6. Special items

DKK million	2022/23	2021/22
Costs for organisational changes	5.0	2.5
Legal cost regarding import tariffs	0.6	8.5
ERP roll-out and implementing	2.2	3.3
Consultants and other	28.7	8.5
Total	**36.5**	**22.8**

Specified by line item in the income statement are: 'Administration costs'.

Accounting Policies

Special items include significant income and expenses of a special non-recurring nature which cannot be attributed directly to the Group's ordinary operating activities of the continued activities. Special items include costs related to acquisition of businesses and other consultancy assistance. These items are classified separately in the income statement to provide a transparent view of the Group's ordinary operating profit.

7. Adjusted EBITDA

DKK million	2022/23	2021/22
Operating profit before special items	174.7	159.4
Amortisation & depreciation (note 5)	118.3	89.1
Adjusted EBITDA	**293.0**	**248.5**

For the proforma adjusted EBITDA please see Management Review.

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Notes - Group

8. Financial income and expenses

DKK million	2022/23	2021/22
Financial income		
Exchange rate gains	59.6	17.4
Other financial income	1.7	3.8
Total financial income	**61.3**	**21.2**
Financial expenses		
Exchange rate losses	48.4	43.1
Interest expense on lease liabilities	3.4	2.8
Other financial expenses	57.6	34.8
Total financial expenses	**109.4**	**80.7**

Effective interest expenses on financial liabilities measured at amortised cost amounted to DKK 49.2 million (2021/22 DKK 28.8 million).

Accounting Policies:

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Notes - Group

9. Income taxes

DKK million	2022/23	2021/22
Current tax:		
Current tax on profits for the year	36.8	52.3
Current tax on profits for previous years	(1.7)	(3.3)
Deferred tax on profit for the year	(9.8)	(13.7)
Deferred tax on profit for previous years	0.1	(1.3)
Total	**25.4**	**34.0**
Tax calculated at 22.0% of profit bf. tax	19.8	17.0
Tax according to income statement	25.4	34.0
Variance	**5.6**	**17.0**
Tax effects of:		
Differences in the tax rates in foreign subsidiaries relative to 22%	0.1	1.7
Internal cross border transfer of IP rights	0.0	8.2
Interest deduction limitation	3.7	9.0
Non-deductible expenses	3.5	1.4
Tax relating to previous years	(1.6)	(4.6)
Additional deductions	(0.1)	0.0
Other	0.0	1.3
Total	**5.6**	**17.0**
Effectve tax rate	**28.2%**	**44.1%**

Contents

Intangible

10. Intangible Assets

DKK million	Goodwill	Other intangible assets	Brand	Customers & distributors	Technology	Completed development projects	Development projects in progress	Total
Cost:								
At 1 May 2022	**1,315.0**	**0.6**	**85.9**	**733.6**	**324.6**	**13.6**	**15.2**	**2,488.5**
Acquisition of business*	240.8	0.0	0.0	128.8	0.0	0.0	0.0	369.6
Additions during the year	0.0	0.6	0.0	0.0	0.0	0.0	12.2	12.8
Transfers for the year	0.0	2.0	0.0	0.0	0.0	(0.8)	(1.2)	0.0
At 30 April 2023	**1,555.8**	**3.2**	**85.9**	**862.4**	**324.6**	**12.8**	**26.2**	**2,870.9**
Accumulated amortisation:								
At 1 May 2022	**0.0**	**0.1**	**11.1**	**96.4**	**39.9**	**8.2**	**0.0**	**155.7**
Amortisation for the year	0.0	0.7	4.3	54.3	16.3	3.2	0.0	78.8
At 30 April 2023	**0.0**	**0.8**	**15.4**	**150.7**	**56.2**	**11.4**	**0.0**	**234.5**
Carrying amount 30 April 2023	**1,555.8**	**2.4**	**70.5**	**711.7**	**268.4**	**1.4**	**26.2**	**2,636.4**

*After completion of the provisional business combinations from 21/22 an adjustments of 'goodwill' (DKK -7.1 million) and 'customers and distributors' (DKK 1.1 million) have been included in 'Acquisition of business'.

Contents

Intangible

10. Intangible Assets *(continued)*

DKK million	Goodwill	Other intangible assets	Brand	Customers & distributors	Technology	Completed development projects	Development projects in progress	Total
Cost:								
At 1 May 2021	**1,288.1**	**0.6**	**85.9**	**688.9**	**316.2**	**13.6**	**3.6**	**2,396.9**
Acquisition of business	26.9	0.0	0.0	44.7	8.4	0.0	0.0	80.0
Additions during the year	0.0	0.0	0.0	0.0	0.0	0.0	11.6	11.6
Transfers for the year	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
At 30 April 2022	**1,315.0**	**0.6**	**85.9**	**733.6**	**324.6**	**13.6**	**15.2**	**2,488.5**
Accumulated amortisation:								
At 1 May 2021	**0.0**	**0.1**	**6.8**	**57.0**	**23.9**	**4.3**	**0.0**	**92.1**
Amortisation for the year	0.0	0.0	4.3	39.4	16.0	3.9	0.0	63.6
At 30 April 2022	**0.0**	**0.1**	**11.1**	**96.4**	**39.9**	**8.2**	**0.0**	**155.7**
Carrying amount 30 April 2022	**1,315.0**	**0.5**	**74.8**	**637.2**	**284.7**	**5.4**	**15.2**	**2,332.8**

Contents

Intangible

10. Intangible Assets *(continued)*

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but is tested for impairment annually, or more frequently, if events or changes in material circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

Other intangible assets

The Group amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Brand	20 years
Technology	20 years
Completed development projects	3 years
Other intangible assets	3-20 years
Customers & distributors	5-10 years

Customers and distributors

On initial recognition, customers and distributors identified from business combinations are recognised in the balance sheet at fair value. Subsequently, customers and distributors are measured at cost less accumulated amortisation and impairment losses.

Brand

On initial recognition, brand identified from business combinations are recognised in the balance sheet at fair value. Subsequently, brand is measured at cost less accumulated amortisation and impairment losses.

Technology

On initial recognition, technology identified from business combinations are recognised in the balance sheet at fair value. Subsequently, technology is measured at cost less accumulated amortisation and impairment losses.

Development projects

Development costs cover costs and salaries directly or indirectly attributable to the development activities of the enterprise. Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies where the cost can be measured reliably and if sufficient certainty exists that future earnings cover production costs, selling costs and administrative expenses as well as the development costs. Amortisation of development projects recognised will start when the asset is ready for use. Other development costs are recognised in the income statement as incurred.

Development projects in progress

For development projects in progress, Management estimates on an ongoing basis whether each project is likely to generate future economic benefits for the Group in order to qualify for recognition. The development projects are evaluated on technical as well as commercial criteria. In Management's opinion, the development projects qualify for recognition.

Development projects completed and in progress

Development projects in progress and completed development projects relates to development of the Group's products.
Research and development costs expensed during the year amount to DKK 15.3 million (2021/22 DKK 17.8 million) excluding amortisation.

Goodwill, customers and distributors and technology

Goodwill, brand, customers and distributors and technology relates to the completed acquisitions in:
- 2022/23 (Causa B.V., the Netherlands, Project Support A/S, Denmark, CalX Ltd., Ireland, Integrated Commissioning & Qualification Corporation, US, Evolution Scientific Inc., US, Complete Technical Solutions (CQV) Ltd., UK, PharmaSys Inc., US)
- 2021/22 (Valcom Compliance and Validation B.V., the Netherlands, Arena Instrumentation Ltd., United Kingdom, Clover Life Science S.r.l., Italy, Manilite Limited, Ireland),
- 2020/21 (P.E.C. (Denmark) A/S, Denmark),
- 2019/20 (Hanwell Group, United Kingdom, Instrument Technology Limited, Ireland, Adsano Group, Germany and Switzerland, Argideen Science Limited, Ireland.
- 2018/19 (Ellab A/S, FasInternational Srl, Italy)

Acquired technology relates to established systems and procedures while acquired customers and distributors relates to the existing network of customers and distributors that will expand the group's current markets. Brand value relates to the purchase of the Ellab brand in September 2019.

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Intangible

10. Intangible Assets *(continued)*

Impairment tests

The Group continuously assesses whether there is any indication that an asset may be impaired. If any indication exists, or when annual impairment testing of goodwill is required, the Group estimates the recoverable amount of the asset.

Result of the annual impairment test - goodwil

The carrying amount of goodwill, DKK 1,555.8 million (2021/22: DKK 1,315.0 million), relating to completed acquisitions, is tested annually for impairment. The recoverable amount is calculated as the present value of future net cash flows. The entities are monitored by management as a single cash generating unit due to the fact that it is not practicably possible to separate the revenue streams into smaller cash generating units and cash inflows are largely dependent on cash inflows from other groups of assets.

Key parameters in the test are revenue growth, EBITDA margins, expected capital expenditure and growth expectations for the terminal period.

The estimated future free net cash flows in the impairment test at 30 April 2023 are based on budget for 2023/24 and the business plans and projections to 2027/28 for the combined business activities considered as one CGU. Revenue is expected to increase by an annually average of 16% from 2022/23 to 2027/28. The long-term growth rate in the terminal period is estimated to 1% for the use of this impairment test. All regions are expected to continue the growth relating to sale of validation and monitoring solutions and further develop field service and other consultancy activities. The EBITDA margin is estimated to a level corresponding to historical EBITDA margins and in line with long term expectations and forecasts. A discount rate (WACC) was applied for the specific business areas based on assumptions about interest rates and risks reflecting the risks inherent in the assets. WACC was estimated to 10.4% (pre-tax discount rate 13.3%) based on the cost of debt related to external financing of bank loan for the acquisitions and cost of equity based on the rate of return.

The assumptions used in the impairment test at 30 April 2023 were in all materiality in accordance with the impairment test at 30 April 2022 for key assumptions relating to growth and discount rate. For the period ending 30 April 2022, the business plans were based on revenue expected to increase annually by 16% from 2021/22 to 2026/27. The long-term growth rate in the terminal period was estimated to 1%. A discount rate (WACC) was applied for the specific business areas based on assumptions about interest rates and risks reflecting the risks inherent in the assets. WACC has been estimated to 10.0% (pre-tax discount rate 12.8%).

Key assumptions have been determined by using a combination of long-term trends, historical performance and the Group's strategy. The expected annual growth rate and the expected margins in the budget period are based on historical experience and assumptions about expected market developments.

The impairment tests did not show indications of impairment losses to be recognised. In Management's opinion, changes in key assumptions mentioned above will not cause significant impairment losses.

Key accounting estimates:

Goodwill impairment test

The group tests whether goodwill has suffered any impairment on an annual basis. Qualitative factors considered in this assessment include industry and market considerations, financial performance and other relevant events and factors affecting the Group. For the 2022/23 and 2021/22 reporting periods, the recoverable amount of the cash-generating unit was determined based on value-in-use calculations which require the use of assumptions in the calculation of cash-flow projections, discount rates and terminal growth rates. The calculations use cash flow projections based on financial forecasts covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate. Key estimates in the calculation of discounted future cash flows include expected growth in revenue, estimated costs and discount rate. Estimates of growth and costs are based on historical data combined with various internal estimates and external sources including macro economy expectations.

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Notes - Group

11. Property, plant and equipment

DKK million	Land and buildings	Plant and machinery	Other fixtures and equipment	Leasehold improvements	Total
Cost:					
At 1 May 2022	**4.2**	**4.7**	**81.7**	**5.3**	**95.9**
Acquisition of business	0.0	0.9	5.5	0.6	7.0
Additions	0.0	0.9	32.3	4.2	37.4
Disposals	0.0	0.0	(3.8)	0.0	(3.8)
Exchange rate adjustments	(0.1)	(0.4)	(4.9)	0.0	(5.4)
At 30 April 2023	**4.1**	**6.1**	**110.8**	**10.1**	**131.1**
Accumulated depreciation:					
At 1 May 2022	**0.2**	**2.1**	**42.2**	**3.1**	**47.6**
Depreciation	0.1	1.2	23.3	1.2	25.8
Disposals	0.0	0.0	(2.7)	0.0	(2.7)
Exchange rate adjustments	0.0	(0.3)	(4.2)	0.0	(4.5)
At 30 April 2023	**0.3**	**3.0**	**58.6**	**4.3**	**66.2**
Carrying amount 30 April 2023	**3.8**	**3.1**	**52.2**	**5.8**	**64.9**

Accounting Policies:

Property, plant and equipment is measured at historical cost less accumulated depreciation and impairment losses. The cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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Notes - Group

11. Property, plant and equipment

DKK million	Land and buildings	Plant and machinery	Other fixtures and equipment	Leasehold improvements	Total
Cost:					
At 1 May 2021	**1.7**	**3.2**	**51.3**	**4.2**	**60.4**
Acquisition of business	2.5	0.0	2.1	0.0	4.6
Additions	0.0	1.2	20.1	0.2	21.5
Disposals	0.0	0.0	(2.8)	0.0	(2.8)
Transfers	0.0	0.3	(0.3)	0.0	0.0
Exchange rate adjustments	0.0	0.0	11.3	0.9	12.2
At 30 April 2022	4.2	4.7	81.7	5.3	95.9
Accumulated depreciation:					
At 1 May 2021	**0.1**	**1.2**	**18.1**	**1.8**	**21.2**
Depreciation	0.1	0.9	15.2	0.4	16.6
Disposals	0.0	0.0	(0.7)	0.0	(0.7)
Exchange rate adjustments	0.0	0.0	9.6	0.9	10.5
At 30 April 2022	**0.2**	**2.1**	**42.2**	**3.1**	**47.6**
Carrying amount 30 April 2022	**4.0**	**2.6**	**39.5**	**2.2**	**48.3**

Depreciations are recognised in the income statement as "Cost of production", "Distribution costs" and "Administration costs".

Accounting Policies:

Depreciations are calculated using the straight-line method, net of their residual values over their estimated useful lives, as follows:

Buildings	40 years
Plant and machinery	5 years
Other fixtures and equipment	3-5 years
Leasehold improvements	5-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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Notes - Group

12. Deferred tax

DKK million	2022/23	2021/22
Deferred tax at 1 May	(218.6)	(216.4)
Deferred tax recognised in the income statement	9.7	15.0
Additions relating to acquisition of subsidiaries*	(26.1)	(17.2)
Deferred tax at 30 April	**(235.0)**	**(218.6)**
Deferred tax relates to:		
Intangible assets	(231.2)	(217.4)
Property, plant and equipment	(4.4)	(2.0)
Right-of-use assets	(4.3)	(4.4)
Inventories	(0.8)	(0.3)
Trade receivables	0.5	0.5
Contract assets	0.3	(0.5)
Lease liabilities	4.9	5.0
Tax loss carry forwards	0.0	0.5
	(235.0)	**(218.6)**
Of which presented as deferred tax assets	0.6	1.6
Of which presented as deferred tax liabilities	(235.6)	(220.2)
	(235.0)	**(218.6)**

The Group has an unrecognised tax loss of DKK 0.0 million (2021/22: DKK 0.4 million), which relates to foreign subsidiaries.
*After completion of the provisional business combinations from 21/22 an adjustment of 'deferred tax liability' (DKK 6.1 million) have been included in 'Additions relating to acquisition of subsidiaries'.

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Notes - Group

13. Leases

The Group has recognised the following amounts relating to leases:

DKK million	2023	2022
Right-of-use assets		
Properties	56.7	50.1
Cars and other leases	4.2	3.5
Total	**60.9**	**53.6**
Lease liabilities		
Non-current	49.9	48.1
Current	18.0	11.4
Total	**67.9**	**59.5**

Additions to the right-of-use assets during the financial year ending 30 April 2023 were DKK 20.0 million (2021/22: DKK 7.3 million) of which DKK 13.5 million (DKK 4.3 million) is from business acquisitions.

The income statement shows the following amounts relating to leases:

DKK million	2022/23	2021/22
Depreciation, properties	11.2	7.4
Depreciation, cars and other leases	2.5	1.5
Expense relating to short-term leases	0.1	0.1
Interest expense on lease liabilities	3.4	2.8
Total amount recognised in the income statement	**17.2**	**11.8**

The total cash outflow for leases in 2022/23 was DKK 15.2 million (2021/22: DKK 10.8 million).

The Group leases various properties, equipment and cars. Rental contracts are typically made for fixed periods of 3 to 10 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Extension options or periods after termination options are included in the lease term if the lease is reasonably certain to be extended or not terminated based on the Group's strategy and other relevant factors such as significant leasehold improvements. The Group has entered into lease contracts at a value of DKK 21.5 million that have not yet commenced (2021/22: DKK 12.9 million).

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Notes - Group

13. Leases *(continued)*

Accounting policies:

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Leases include mainly properties and cars.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability, and reducing the carrying amount to reflect the lease payments made.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and restoration costs.

Variable lease payments, payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

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Notes - Group

14. Inventories

DKK million	2023	2022
Raw materials and consumables	35.5	27.6
Finished goods and goods for resale	22.3	17.9
	57.8	**45.5**
The following are included in "Costs of production":		
Inventories recognised as an expense	88.6	92.6
Write-downs of inventories to net realisable value	4.1	4.0

Accounting Policies:

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

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Notes - Group

15. Trade receivables

DKK million	2023	2022
Trade receivables (gross)	217.7	146.1
Provision for bad debt	(3.4)	(2.6)
Trade receivables net	**214.3**	**143.5**

Movement on the Group's provision for bad debt are as follows:		
Opening balances	(2.6)	(1.6)
Additions for the year	(1.1)	(1.4)
Reversals	0.2	0.3
Confirmed losses	0.1	0.1
Provision for bad debt	**(3.4)**	**(2.6)**

Accounting Policies:

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. The Group hold the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost. Trade receivables are generally due for settlement within 30 to 90 days and therefore are all classified as current. Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value. Trade receivables are recognised initially at the amount of consideration that is unconditional.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The allowance is based on a provision matrix on aging of customers and includes both historical as well as forward-looking information. The cost of allowances for expected credit losses are recognized in the income statements as distribution costs. Subsequent recoveries of amounts previously written off are credited against distribution costs.

The maximum credit exposure is equal to the carrying value of trade receivables. For a further description of management of credit risks, please see note 19. Financial risk management.

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Notes - Group

15. Trade receivables *(continued)*

DKK million	Receivable	Loss rate %	2023 Provision
Impairment of trade receivables can be specified as follows:			
Current	141.9	0.1%	0.2
Overdue < 30 days	39.2	0.3%	0.1
Overdue 31 - 60 days	15.4	0.6%	0.1
Overdue 61 - 90 days	13.0	6.2%	0.8
Overdue 91 - 180 days	2.6	3.8%	0.1
Overdue > 180 days	5.6	37.5%	2.1
Total	**217.7**		**3.4**

DKK million	Receivable	Loss rate %	2022 Provision
Impairment of trade receivables can be specified as follows:			
Current	77.4	0.5%	0.4
Overdue < 30 days	23.7	1.3%	0.3
Overdue 31 - 60 days	14.6	0.7%	0.1
Overdue 61 - 90 days	20.2	2.0%	0.4
Overdue 91 - 180 days	6.6	4.5%	0.3
Overdue > 180 days	3.6	30.6%	1.1
Total	**146.1**		**2.6**

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Notes - Group

16. Contract balances

The Group has recognised the following assets and liabilities related to contracts with customers:

DKK million	2023	2022
Trade receivables	214.3	143.5
Contract assets	12.3	7.2
Deferred revenue	14.4	10.3

Revenue recognised in the reporting period that was included in deferred revenue at the beginning of the period is DKK 10.3 million (2021/22: DKK 5.4 million).

Accounting Policies:

Contract assets relates to field service contracts and other consultancy contracts with customers where revenue is recognised over time in the income statement when the outcome of the contracts can be estimated reliably. If the services rendered by the Group exceed the payment, a contract asset is recognised.

Deferred revenue is prepayments by customers for goods and services that have not been delivered and prepayments relating to rental of equipment.

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Notes - Group

17. Share capital and treasury shares

	30 April 2023		30 April 2022	
The share capital comprise:	**Number of shares ('000)**	**Nominal value (DKK million)**	**Number of shares ('000)**	**Nominal value (DKK million)**
A shares	139,652	139.7	138,740	138.8
B shares	16,827	16.8	16,726	16.7
Share capital	**156,479**	**156.5**	**155,466**	**155.5**

All shares have a nominal value of DKK 1. Each A share and each B share shall carry 1 vote.

The A shares carry a preferential right to the amount paid plus an annual return of 10%. The remaining earnings will be distributed among the holders of B shares.

	30 April 2023		April 2022	
Changes in share capital	**A shares ('000)**	**B shares ('000)**	**A shares ('000)**	**B shares ('000)**
Opening balance	138,740	16,726	138,740	16,726
Capital increase	912	101	0	0
Share capital	**139,652**	**16,827**	**138,740**	**16,726**

Notes - Group

17. Share capital and treasury shares

Treasury shares

Kelvin HoldCo A/S sold 579,466 treasury shares of nominal DKK 1, of which 508,329 A shares and 71,137 B shares, equal to 0.4% of the share capital, have been sold at a value of DKK 18.1 million.

Kelvin HoldCo acquired 993,658 treasury shares of DKK 1, of which 813,932 A shares and 179,726 B shares, norminal at a value of DKK 1.0 million equal to 0.6% of the share capital. The acquisition price for the shares was DKK 43.5 million.

The shares were sold and acquired in connection with a change in ownership.

The Company owns 1,373,557 treasury shares at the balance sheet date, of which 951,552 A shares and 422,005 B shares, equal to 0.9% of the share capital.

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Notes - Group

18. Borrowings

Borrowings are comprised of acquisition related loans as well as credit facilities to fund the ongoing operations.

				Carrying Amount	
Loan	FX	Interest rate	Maturity	2023	2022
Term	DKK	Variable	26 September 2026	482.8	481.1
Term	USD	Variable	26 September 2026	240.8	250.3
Term	USD	Variable	26 September 2026	93.9	0.0
Term	USD	Variable	26 September 2026	93.9	0.0
Credit facility	DKK	Variable	26 March 2026	121.5	0.0
				1,032.9	**731.4**

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Notes - Group

19. Financial risk management

Financial risk factors

The Group's Management of financial risks is centralized to Ellab A/S. The Group identifies, monitors, assesses and mitigates financial risk at headquarter in cooperation with the Group's business units. The Group is exposed to foreign exchange risk, liquidity risk and credit risk that can have a significant impact on the financial performance of the Group. Significant risks are continuously assessed by Management and the Board of Directors.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

As a result of the Group's international operating activities, the Group is exposed to fluctuations in foreign exchange rates. The Group has assessed the risks related to foreign exchange rate as normal. The Group's exchange rate exposure is primarily related to USD, EUR and GBP as a major part of the Group's sales are invoiced in those currencies. The Group handle exchange rate risk by establishing sales entities in countries where the Group has significant activities or where the Group expects growth, thereby matching income and expenses in the same currency. As a result of the Group's structure, sales from local sales entities are invoiced in the local functional currency and expenses incurred are in the local functional currency. The Group has entered into interest-bearing long-term loan agreements in USD to partly offset the FX risk on the cash flow coming from USD.

Sensitivity:

The Group is primarily exposed to changes in USD. The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD denominated financial instruments, such as external and intercompany loans. The sensitivity analysis is based on financial balances recognized at 30 April 2023 in the balance sheet and the assumption that all other variables and exposures remain constant. The sensitivity analysis does not include financial assets and liabilities in the functional currency of the Group's subsidiaries or translation risk from consolidation of income statement. A 5% increase in the year-end rate in the following currencies versus DKK would impact the Group's profit as follows (a 5% decrease would have the opposite impact):

Interest rate risk

	Impact on profit for the year	
	2022/23	**2021/22**
USD	(13.0)	(10.8)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's main interest rate risk arises from long-term debt with variable rates, which exposes the group to cash flow interest rate risk. The risk is considered to be within the Group's defined risk profile.

Credit risk

Credit risk arises from cash and cash equivalents, as well as credit exposures to customers, including outstanding receivables. The Group's primary credit exposure is related to trade receivables and cash positions.

The credit risk of the Group is assessed to be low. Credit risk related to trade receivables is managed by continuous risk assessment of major customers. The Group has policies in relation to maximum credit limits and prepayment requirements for customers with high credit risk. Based on forecasts as well as historical data, the Group expects only insignificant loss allowances for trade receivables. The Group has no major exposure relating to one single customer or business partner.

In relation to the credit risk related to financial institutions, the Group monitors financial institutions and places funds in financial institutions with satisfactory credit ratings.

Liquidity risk

Based on the Group's financial reserves and credit facilities, the liquidity risk of the Group is assessed to be low.

The financial position of the Group and short-term forecasts of liquidity reserves is continuously monitored by Management and the finance department to ensure that sufficient financial resources are available.

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Notes - Group

19. Financial risk management *(continued)*

DKK million	Carrying amount	Less than 1 year	Between 1 and 5 year	More than 5 years	Total
As at 30 April 2023					
Borrowings	1,032.9	78.7	1,233.7	0.0	1,312.4
Lease liabilities	67.9	17.4	46.4	16.5	80.3
Trade payables	28.9	28.9	0.0	0.0	28.9
Other liabilities	106.4	106.4	0.0	0.0	106.4
	1,236.1	**231.4**	**1,280.1**	**16.5**	**1,528.0**
As at 30 April 2022					
Borrowings	731.4	27.4	845.8	0.0	873.2
Lease liabilities	59.5	11.7	37.6	20.1	69.4
Trade payables	28.3	28.3	0.0	0.0	28.3
Other payables	70.9	70.9	0.0	0.0	70.9
	890.1	**138.3**	**883.4**	**20.1**	**1,041.8**

Maturity analysis

The tables analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

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Notes - Group

19. Financial risk management *(continued)*

Financial assets and liabilities per measurement category

DKK million	2023	2022
Financial assets		
Financial assets at amortised cost:		
Trade receivables	214.3	143.5
Contract assets	12.3	7.2
Other receivables	6.6	1.5
Cash and cash equivalents	110.7	110.4
	343.9	**262.6**
Financial assets at fair value:		
Derivative financial instruments	0.0	0.4
	0.0	**0.4**
Financial liabilities		
Liabilities at amortised cost:		
Borrowings	1,032.9	731.4
Lease liabilities	67.9	59.5
Trade payables	28.9	28.3
Other payables	80.2	66.4
	1,209.9	**885.6**
Financial liabilities at fair value:		
Other liabilities (earn-outs)	26.2	4.5
	26.2	**4.5**

Financial assets measured at fair value relate to derivatives. Calculation of fair value of these derivatives is based on valuation techniques and observable inputs such as interest rates, currency rates etc. The Group's derivatives expired in October 2022.

Financial liabilities measured at fair value relate to earn-outs. Calculation of fair value of the earn-outs is based on probability-weighted financial performance outcomes relevant to the earn-out agreements.

20. Capital management

The Group's objective when managing capital is to safeguard their ability to continue as a going concern, so that the Company can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure.

The Group centrally monitors capital on relevant key figures. The Group manages its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors capital on the basis of the net debt to EBITDA ratio. The Group's strategy during 2022/23 was to maintain a net debt to EBITDA ratio below 4.6 (2021/22: ratio below 5.7). The Group fulfilled capital management targets during 2022/23.

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Notes - Group

21. Business combinations

Acquisitions 2022/23

Two of the seven acquisitions completed during 2022/23 are considered material and consequently disclosed separately. The remaining five are not considered significant for individual financial disclosure, and information relating to the acquisitions have been combined as 'other' in the following note. The disclosures for the business combinations are considered provisional up until 12 month after the acquisitions.

Causa B.V., the Netherlands

Ellab Group acquired 100% of the share capital in Causa B.V. on 29 June 2022. Causa is one of the leading Dutch providers of qualification and validation services, specialized in qualification of disinfection and sterilization equipment in the healthcare, pharma and food industries. The acquisition of Causa fits with Ellab Group's corporate strategy of expanding its field services in key markets and this acquisition will strengthen its service activities in the Benelux region.

Project Support A/S, Denmark

Ellab Group acquired 100% of the share capital in Project Support A/S on 1 July 2022. Project Support is a leading provider of validation, calibration, consulting as well as equipment rental solutions to the pharmaceutical and biotech industries. The acquisition of Project Support fits with Ellab Group's corporate strategy of expanding its field services in key markets.

CalX, Ireland

Ellab Group acquired 100% of the share capital in CalX Instrumentation Services Limited ("CalX") on 28 September 2022. CalX is a leading Irish provider of field calibration and complete calibration management. CalX provides its services to some of the biggest pharmaceutical, medical device, food and dairy companies in the world. The acquisition of CalX is another important step in the execution of Ellab Group's corporate strategy of expanding its field services in key markets.

ICQ, United States

Ellab Group acquired 100% of the share capital in Integrated Commissioning & Qualification Corporation, ("ICQ") on 30 November 2022. ICQ is a leading American validation service and consulting and has partnered with the world's largest biopharma manufacturers and emerging life sciences companies to provide comprehensive commissioning, qualification, and validation (CQV) services that accelerate the delivery of medications and therapies to patients in need. The acquisition of ICQ is a major step in the execution of Ellab Group's corporate strategy of expanding its field services towards becoming a full solution provider in key markets within the biotech and pharma industry.

Evolution Scientific Inc., United States

Ellab Group acquired 100% of the share capital in Evolution Scientific, Inc., ("ESI") on 1 December 2022. ESI is a leading and highly respected field service provider to the pharmaceutical, biotech and medical device industries specializing in preventative and corrective maintenance, calibration and metrology, certification, validation and technical staffing. The acquisition of ESI represents the continued execution of Ellab Group's corporate strategy of expanding its field services towards becoming a full solution provider in key markets within the biotech and pharma industry.

Complete Technical Solutions, United Kingdom

Ellab Group acquired 100% of the share capital in Complete Technical Solutions (CQV) Ltd., ("CTS") on 29 March 2023. With high-quality validation services, CTS is a full turnkey solution for Commissioning, Qualification and Validation (CQV), primarily within the biotech and pharma industry. The acquisition of CTS represents the continued execution of Ellab Group's corporate strategy of expanding its field services towards becoming a full solution provider in key markets within the biotech and pharma industry

PharmaSys Inc., United States

Ellab Group acquired 100% of the share capital in PharmaSys, Inc. on 27 April 2023. PharmaSys is a leading American validation service and consulting company within commissioning, qualification, and validation (CQV) services and other compliance solutions for the biopharma and medical device industries. The acquisition of PharmaSys is a major step in the execution of Ellab's corporate strategy of expanding its field services in key markets within the biopharma industry.

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Notes - Group

21. Business combinations *(continued)*

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

DKK million	ICQ	ESI
Customer and distributors	35.7	31.8
Property, plant and equipment	0.4	3.0
Right-of-use assets	2.3	3.7
Inventories	0.0	0.0
Trade and other receivables	21.5	8.7
Cash	10.8	2.3
Total assets	**70.7**	**49.5**
Deferred tax liability, net	0.0	0.0
Lease liabilities	2.3	3.7
Trade payables	1.3	0.4
Income tax payables	3.7	0.0
Other payables	7.3	0.8
Total liabilities	**14.6**	**4.9**
Acquired net assets	**56.1**	**44.6**
Goodwill	72.9	62.6
Total purchase price	**129.0**	**107.2**

DKK million	ICQ	ESI
Purchase price:		
Cash payment	120.9	88.6
Contingent consideration	6.9	18.6
Deferred consideration	1.2	0.0
Total purchase price	**129.0**	**107.2**
Cash flow for acquisition:		
Cash payment	120.9	88.6
Cash payment of contingent/deferred consideration	6.9	18.6
Less cash in acquired business	(10.8)	(2.3)
Cash flow in investing activities	**117.0**	**104.9**

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Notes - Group

21. Business combinations *(continued)*

ICQ, United States

Goodwill of DKK 72.9 million arising from the acquisition is attributable to know-how, profitability and synergies expected from combining the operations of the Ellab Group and the acquired businesses relating to sale of validation and monitoring solutions as well as optimising processes within sales, workforce and Field Service & Consulting expertise. The goodwill recognized is tax deductable for income tax purposes.

Purchase Consideration

Of the total purchase consideration of DKK 129.0 million, purchase consideration payable at 30 April 2023 amounts to DKK 1.2 million and is related to deferred payments. The purchase price included a short-term earn-out that has been paid out subsequent to the acquisition date. The contingent consideration is recognised at fair value.

Revenue and profit contribution

ICQ contributed with revenue of DKK 34.2 million and profit for the year of DKK 3.7 million to the group for the period from 1 December 2022 to 30 April 2023.

These amounts have been calculated using the subsidiary's results and adjusting them for differences in the accounting policies between the group and the subsidiary.

Acquisition-related costs

Acquisition-related costs of DKK 3.9 million are included in 'Special Items' in the income statement and in operating cash flows in the statement of cash flows.

ESI, United States

Goodwill of DKK 62.6 million arising from the acquisition is attributable to know-how, profitability and synergies expected from combining the operations of the Ellab Group and the acquired businesses relating to sale of validation and monitoring solutions as well as optimising processes within sales, workforce and Field Service & Consulting expertise. The goodwill recognized is tax deductable for income tax purposes.

Purchase Consideration

The total purchase consideration of DKK 107.2 million and is paid in cash. The purchase price included a short-term earn-out that has been paid out subsequent to the acquisition date. The contingent consideration is recognised at fair value.

Revenue and profit contribution

ESI contributed with revenue of DKK 14.4 million and profit for the year of DKK 2.9 million to the group for the period from 2 December 2022 to 30 April 2023.

These amounts have been calculated using the subsidiary's results and adjusting them for differences in the accounting policies between the group and the subsidiary.

Acquisition-related costs

Acquisition-related costs of DKK 3.4 million are included in 'Special Items' in the income statement and in operating cash flows in the statement of cash flows.

Key accounting estimates:

Business combinations

As a result of acquisitions, management makes estimates relating to identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination, and with measuring the fair value at the time of acquisition. Significant estimates are made in the measurement of the fair value of the brand, customers & distributors and technology at the time of acquisition in relation to cash-flow projections, discount rates and terminal growth rates. Furthermore, key assumptions have been made in relation to the useful lives of the intangible assets identified in the acquisitions. When estimating the useful lives of the assets, management has considered among other expectations to technologic development and expected churn rates based on historical customer churn rates and the group's primary customer groups. The churn rate and expected useful lives of assets acquired in a business combination are reassessed annually. Changes in actual useful lives or expected useful lives of these assets are recognized in the financial statements, when such changes are ascertained.

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Notes - Group

21. Business combinations *(continued)*

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

DKK million	Other	Total
Customer and distributors	60.2	127.7
Property, plant and equipment	3.6	7.0
Right-of-use assets	7.5	13.5
Inventories	0.3	0.3
Trade and other receivables	15.4	45.6
Cash	22.1	35.2
Total assets	**109.1**	**229.3**
Deferred tax liability, net	32.2	32.2
Lease liabilities	8.0	14.0
Trade payables	1.1	2.8
Income tax payables	2.4	6.1
Other payables	10.6	18.7
Total liabilities	**54.3**	**73.8**
Acquired net assets	**54.8**	**155.5**
Goodwill	112.4	247.9
Total purchase price	**167.2**	**403.4**

DKK million	Other	Total
Purchase price:		
Cash payment	137.7	347.2
Contingent consideration	24.1	49.6
Deferred consideration	5.4	6.6
Total purchase price	**167.2**	**403.4**
Cash flow for acquisition:		
Cash payment	137.7	347.2
Cash payment of contingent/deferred consideration	0.0	25.5
Less cash in acquired business	(22.1)	(35.2)
Cash payment of deferred/contingent consideration from prior year's acquisitions		8.4
Cash flow in investing activities	**115.6**	**345.9**

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Notes - Group

21. Business combinations *(continued)*

Other acquisitions

Goodwill of DKK 112.4 million arising from the acquisitions is attributable to know-how, profitability and synergies expected from combining the operations of Group and the acquired businesses relating to sale of validation and monitoring solutions as well as optimising processes within sales, workforce and Field Service & Consulting expertise. The goodwill recognized is not tax deductable for income tax purposes.

Purchase Consideration

Of the total purchase consideration of DKK 167.2 million, purchase consideration payable at 30 April 2023 amounts to DKK 24.1 million and is related to earn-outs and other deferred payments. The deferred consideration is on the basis of probability weighted calculations and is recognized at fair value.

Revenue and profit contribution

The five acquisitions contributed with revenue of DKK 33.3 million and profit for the year of DKK 4.7 million to the group for the period from 1 July 2022 to 30 April 2023.

These amounts have been calculated using the subsidiary's results and adjusting them for differences in the accounting policies between the group and the subsidiary.

Acquisition-related costs

Acquisition-related costs of DKK 7.1 million are included in 'Special Items' in the income statement and in operating cash flows in the statement of cash flows.

Revenue and profit contribution

If all seven acquisitions had occurred on 1 May 2022, pro-forma revenue and profit for the year ended 30 April 2023 would have been DKK 974.9 million and DKK 81.5 million respectively.

Acquisitions 2021/22

Valcom Compliance and Validation B.V., the Netherlands

Ellab Group acquired 100% of the share capital in Valcom Compliance and Validation B.V. on 2 August 2021. Valcom is a Dutch company specialized in thermal qualification and validation services in the Benelux region and is servicing the pharmaceutical industry. The acquisition of Valcom fits with Ellab Group's corporate strategy of expanding its field services in key markets and this acquisition will strengthen its service activities in the Benelux region.

Arena Instrumentation Ltd., United Kingdom

Ellab Group acquired 100% of the shares in Arena Instrumentation Ltd., United Kingdom, on 4 October 2021. Arena is an English UKAS accredited calibration company providing field calibration, instrument commissioning, qualification, and relocation services to the pharmaceutical, biotech, healthcare, and process/manufacturing industries. The acquisition of Arena fits with Ellab Group's corporate strategy of expanding its field services in key markets as well as entering the market for field calibration services.

Clover Life Science S.r.l., Italy

Ellab Group acquired, in an assets deal, the business of Clover Life Science S.r.l. on 31 March 2022.Clover is an Italian qualification, validation and consulting service company that supports companies in the biotech, pharmaceutical, medical devices, food manufacturing and cosmetics sectors in the processes of validation and qualification of manufacturing facilities, manufacturing equipment and work environments. The acquisition of Clover fits with Ellab Group's corporate strategy of expanding its field services in key markets and this acquisition will strengthen its service activities in Italy.

Autocal Ireland Limited, Ireland

Ellab Group acquired 100% of the shares in Autocal Ireland Limited, Ireland, on 29 April 2022. Autocal is an Irish validation service company based in Dublin. Autocal is a high-quality validation service provider to the pharmaceutical and healthcare industries and is considered a premier source for validation professionals for projects of all sizes, specializing in all areas of thermal validation and project management. The acquisition of Autocal fits with Ellab Group's corporate strategy of expanding its field services in key markets and this acquisition will grow the Group's presence within validation services in Ireland

Revenue and profit contribution

Acquisitions contributed revenues of DKK 17.0 million and profit for the year of DKK 2.9 million to the Group for the period from 2 August 2021 to 30 April 2022. If the acquisitions had occurred on 1 May 2021, pro-forma revenue and profit for the year ended 30 April 2022 would have been DKK 682.5 million and DKK 49.9 million respectively.

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Notes - Group

22. Commitments and contingent liabilities

Charges and security

Shares in the subsidiaries Kelvin BidCo A/S, Saballe TopCo ApS in liquidation, Ellab A/S, Ellab Inc., Ellab GmbH, Ellab UK Ltd., Ellab Monitoring Solutions Ltd. and Ellab Ireland Ltd. have been pledged as security for credit institutions of the group company Kelvin BidCo A/S. The Group has placed assets in its subsidiaries as security with Kelvin BidCo's credit institutions.

Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc. of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Kelvin HoldCo A/S, which is the management company of the joint taxation. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc. of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Kelvin HoldCo A/S, which is the management company of the joint taxation. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The Group is not involved in lawsuits expected to have a material effect on the financial position of the Group.

Notes - Group

23. Fee to auditors

DKK million	2022/23	2021/22
Audit fee to PwC	1.2	1.3
Other assurance engagements	0.3	0.3
Tax advisory services	0.6	1.2
Non-audit services	4.5	0.5
Total	**6.6**	**3.6**

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Notes - Group

24. Changes in liabilities arising from financing activities

This section sets out an analysis of liabilities arising from financing activities and the movements in each of the periods presented.

DKK million	1 May 2022	Financing cash flows	Additions	Changes in foreign exchange rates	Other changes*	30 April 2023
Borrowings	**731.4**	318.5	0.0	(20.6)	3.6	**1,032.9**
Lease liabilities	**59.5**	(11.7)	20.0	(3.3)	3.4	**67.9**
Total liabilities from financing activities	**790.9**	306.8	20.0	(23.9)	7.0	**1,100.8**

DKK million	1 May 2021	Financing cash flows	Additions	Changes in foreign exchange rates	Other changes*	30 April 2022
Borrowings	**694.9**	0.0	0.0	33.5	3.0	**731.4**
Lease liabilities	**57.5**	(7.9)	7.3	2.6	0.0	**59.5**
Total liabilities from financing activities	**752.4**	(7.9)	7.3	36.1	3.0	**790.9**

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings to current due to the passage of time, and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings.

Notes - Group

25. Related parties

Kelvin HoldCo Group's parent is: EQT Mid Market Europe

Transactions with key management personnel and the ultimate parent

Transactions with key management personnel include transactions with companies controlled by the key management personnel. Reference is made to Group note 4 'Employee costs' as well as EQT Mid Market Europe Fund (EQT).

Significant transactions between related parties

Transactions with related parties:
Rental agreement with Ellab Properties A/S, in which a board member has significant influence, of DKK 3.7 million (2021/22 DKK 3.6 million). The Group's has purchased certain advisor costs via EQT during the year. Outstanding payables with EQT are DKK 3.0 million at 30 April 2023.

Based on Management's assessment, transactions between related parties were carried out on arm's length basis. Other than these transactions, there has been no trading with key management personnel or their close relatives.

26. Events after the balance sheet date

On 20 June 2023, the owners of the Kelvin Group, EQT Mid Market Europe Fund (EQT), signed an agreement regarding the sale of Kelvin Group to Novo Holdings A/S. Novo Holdings is a holding and investment company that is responsible for managing the assets and the wealth of the Novo Nordisk Foundation.

The Group's borrowings from financial institutions include a change of control clause, which stipulates that the borrowings will become due immediately after the change of control. The closing date of the sale of Kelvin Group is not yet determined.

27. Cash flow statement - adjustments

DKK million	2022/23	2021/22
Financial income	(61.3)	(21.2)
Financial expenses	109.4	80.7
Depreciation, amortisation and impairment losses, including losses and gains on sales	118.3	89.1
Income tax expense	25.4	34.0
Other adjustments	(2.5)	5.1
	189.3	**187.7**

28. Cash flow statement - changes in net working capital

Change in inventories	(12.0)	(12.2)
Change in trade receivables	(25.3)	(30.5)
Change in contract assets	(5.1)	(1.6)
Change in other receivables	(2.8)	2.7
Change in prepayments	(1.7)	(1.7)
Change in trade payables	(2.2)	12.9
Change in contract liabilities	0.0	(0.5)
Change in other payables	(8.5)	10.3
	(57.6)	**(20.6)**

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Notes - Group

29. List of group companies

	Type	Place of incorporation	Ownership interest
Kelvin BidCo A/S	Subsidiary	Denmark	100%
Saballe TopCo ApS in liquidation	Subsidiary	Denmark	100%
Ellab A/S	Subsidiary	Denmark	100%
Project Support A/S	Subsidiary	Denmark	100%
Ellab Inc.	Subsidiary	USA	100%
Evolution Scientific Inc.	Subsidiary	USA	100%
Integrated Commissioning & Qualification Corporation	Subsidiary	USA	100%
PharmaSys, Inc.	Subsidiary	USA	100%
Ellab (UK) Limited	Subsidiary	UK	100%
Ellab Monitoring Solutions Ltd.	Subsidiary	UK	100%
Complete Technical Solutions (CQV) Ltd.	Subsidiary	UK	100%
Arena Instrumentation Ltd.	Subsidiary	UK	100%
Ellab GmbH	Subsidiary	Germany	100%
Ellab SARL	Subsidiary	France	100%
Ellab Philippines Corp.	Subsidiary	Philippines	99.97%
Ellab Benelux B.V.	Subsidiary	Netherlands	100%
Ellab FZCO	Subsidiary	Dubai	100%
Ellab Italy Srl	Subsidiary	Italy	100%
Ellab Ireland Ltd.	Subsidiary	Ireland	100%
Autocal Ireland Ltd.	Subsidiary	Ireland	100%
CalX Instrumentation Services Ltd.	Subsidiary	Ireland	100%
Argideen Science Ltd.	Subsidiary	Ireland	100%
Ellab AG	Subsidiary	Switzerland	100%
Ellab Austria	Subsidiary	Austria	100%
Ellab Solutions Spain	Subsidiary	Spain	100%

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Parent Company

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Income Statement - Parent company

1 May - 30 April

DKK million	Note	2022/23	2021/22
Administration costs		0.0	(0.1)
Operating profit		**0.0**	**(0.1)**
Special items		3.4	0.0
Profit/loss before net financials		**3.4**	**(0.1)**
Financial income	2	0.3	0.4
Profit before tax		**3.7**	**0.3**
Income taxes	3	0.6	3.0
Net profit for the year		**4.3**	**3.3**

Statement of Comprehensive Income - Parent company

1 May - 30 April

DKK million	Note	2022/23	2021/22
Net profit for the year		**4.3**	**3.3**
Other comprehensive income			
Items that will be subsequently reclassified to the Income Statement		0.0	0.0
Other comprehensive income for the year, net of tax		**0.0**	**0.0**
Total comprehensive income for the year		**4.3**	**3.3**

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Balance Sheet at 30 April - Parent company

Assets

DKK million	Note	2023	2022
Investments in subsidiaries	4	1,533.6	1,530.6
Total non-current assets		**1,533.6**	**1,530.6**
Receivables from group enterprises		5.6	6.4
Other receivables		3.5	0.0
Cash and cash equivalents		0.5	1.3
Total current assets		**9.6**	**7.7**
Total assets		**1,543.2**	**1,538.3**

Equity and Liabilities

DKK million	Note	2023	2022
Share capital	17	156.5	155.5
Retained earnings		1,386.7	1,379.2
Total equity		**1,543.2**	**1,534.7**
Income tax payables		0.0	0.1
Other payables		0.0	3.5
Total current liabilities		**0.0**	**3.6**
Total liabilities		**0.0**	**3.6**
Total equity and liabilities		**1,543.2**	**1,538.3**

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Statement of Changes in Equity - Parent company

DKK million	Share capital	Retained earnings	Total
Equity at 1 May 2022	**155.5**	**1,379.2**	**1,534.7**
Profit for the year	0.0	4.3	4.3
Total comprehensive income for the year	**0.0**	**4.3**	**4.3**
Capital increase	1.0	28.6	29.6
Acquisition of treasury shares	0.0	(43.5)	(43.5)
Disposal of treasury shares	0.0	18.1	18.1
Total transactions with owners in their capacity as owners	**1.0**	**3.2**	**4.2**
Equity at 30 April 2023	**156.5**	**1,386.7**	**1,543.2**

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Statement of Changes in Equity - Parent company

DKK million	Share capital	Retained earnings	Total
Equity at 1 May 2021	**155.5**	**1,404.2**	**1,559.7**
Profit for the year	0.0	3.3	3.3
Total comprehensive income for the period	**0.0**	**3.3**	**3.3**
Capital increase	0.0	0.0	0.0
Acquisition of treasury shares	0.0	(44.3)	(44.3)
Disposal of treasury shares	0.0	16.0	16.0
Total transactions with owners in their capacity as owners	**0.0**	**(28.3)**	**(28.3)**
Equity at 30 April 2022	**155.5**	**1,379.2**	**1,534.7**

Cash Flow Statement - Parent company

1 May - 30 April

DKK million	Note	2022/23	2021/22
Net profit for the year		4.3	3.3
Adjustments	12	(0.9)	(3.0)
Changes in net working capital	13	(7.0)	0.0
Financial income received		0.3	0.0
Income taxes paid		0.5	5.8
Net cash flow from operating activities		**(2.8)**	**6.1**
Capital increase in subsidiaries		(3.0)	(1.9)
Repayment from related parties		0.8	17.2
Net cash flow from investing activities		**(2.2)**	**15.3**
Acquisition of treasury shares		(43.5)	(44.3)
Disposal of treasury shares		18.1	16.0
Cash capital increase		29.6	0.0
Cash flow from financing activities		**4.2**	**(28.3)**
Net cash flow for the year		**(0.8)**	**(6.9)**
Cash and cash equivalents, beginning of the year		1.3	8.2
Net cash flow for the year		(0.8)	(6.9)
Cash and cash equivalents at end of the year		**0.5**	**1.3**

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Notes - Parent company

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Notes - Parent

1. Accounting policies

The financial statements of the parent have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as additional Danish disclosure requirements applying to entities of large enterprises reporting in class C. The Parent Company Financial Statements for 2022/23 are presented in million Danish Kroner (mDKK) with one digit, which is considered the functional currency of the company's activities.

The accounting policies are the same as for the consolidated financial statements with the following exceptions. For a detailed specification of the parent's accounting policies, please see note 1 of the consolidated financial statements.

Investments in subsidiaries
Investments in subsidiaries are recognised and measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Critical accounting estimates and judgements

For a description of critical accounting estimates and judgements, please see note 2 of the consolidated financial statements.

Notes - Parent

2. Financial income

DKK million	2022/23	2021/22
Interest received from group companies	0.3	0.4
	0.3	**0.4**

3. Tax on profit for the year

Current tax:		
Current tax on profits for the year	0.1	0.0
Current tax on profits for previous years	(0.7)	(3.0)
	(0.6)	**(3.0)**
Calculated 22.0% tax on profit for the year before income tax	**0.8**	**0.1**
Tax effects of:		
Adj. of tax relating to previous years	(0.7)	(3.0)
Non-taxable income	(0.7)	(0.1)
	(1.4)	**(3.1)**
Effective tax rate	**(16)%**	**(1,158)%**

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Notes - Parent company

4. Investment in subsidiaries

DKK million	2023	2022
Cost:		
At 1 May	**1,530.6**	**1,528.7**
Additions during the year	3.0	1.9
At 30 April	**1,533.6**	**1,530.6**
Carrying amount 30 April	**1,533.6**	**1,530.6**

Reference is made to note 29 in the consolidated financial statements for an overview of subsidiaries.

5. Share Capital

For a specification of the share capital of the Parent, reference is made to note 17 of the consolidated financial statements.

6. Financial risk management

The activity of the Parent is limited, and the main financial risk that the company is exposed to is credit risk.

Credit risk

The Parent's primary credit exposure is related to group receivables. The Company has intercompany receivables related to loan to group companies. The credit loss is estimated to DKK 0.0 million (2021/22: DKK 0.0 million).

Notes - Parent

Financial assets and liabilities per measurement category

DKK million	2023	2022
Financial assets		
Financial assets at amortised cost:		
Receivables from Group	5.6	6.4
Other receivables	3.5	0.0
Cash and cash equivalents	0.5	1.3
	9.6	**7.7**
Financial liabilities		
Liabilities at amortised cost:		
Other payables	0.0	3.5
	0.0	**3.5**

The carrying value of financial assets and liabilities is, in all materiality, equal to fair value.

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Notes - Parent

7. Capital management

For disclosure on capital management, reference is made to note 20 of the consolidated financial statements.

8. Commitments and contingent liabilities

Charges and security

Shares in the subsidiaries Kelvin BidCo A/S, Saballe TopCo ApS in liquidation, Ellab A/S, Ellab Inc., Ellab GmbH, Ellab UK Ltd., Ellab Monitoring Solutions Ltd. and Ellab Ireland Ltd. have been pledged as security for credit institutions of the Group company Kelvin BidCo A/S. Kelvin HoldCo A/S has entered into a surety contract and placed assets in its subsidiaries as security with Kelvin BidCo's credit institutions. The carrying amount of the shares are at 30 April 2023 DKK 1,533.6 million (2021/22: 1,530.6 million).

Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc. of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Kelvin HoldCo A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The Group is not involved in lawsuits expected to have a material effect on the financial position of the Group.

Notes - Parent

9. Fee to auditors

DKK million	2022/23	2021/22
Audit fee to PwC	0.1	0.1
	0.1	**0.1**

10. Related parties

For related parties disclosure, reference is made to note 29 in the consolidated financial statements. Details about transactions between Kelvin HoldCo A/S and subsidiaries are provided in the following.

Significant transactions between Kelvin HoldCo A/S and subsidiaries

Loans from Kelvin HoldCo A/S to subsidiaries of DKK 5.6 million (2021/22: DKK 6.4 million) with an interest rate of 4.5%. The loans are repayable upon 5 business days written notice and is expected to be repaid in cash.

11. Events after the balance sheet date

On 20 June 2023, the owners of the Kelvin Group, EQT Mid Market Europe Fund (EQT), signed an agreement regarding the sale of Kelvin Group to Novo Holdings A/S. Novo Holdings is a holding and investment company that is responsible for managing the assets and the wealth of the Novo Nordisk Foundation.

The Group's borrowings from financial institutions include a change of control clause, which stipulates that the borrowings will become due immediately after the change of control. The closing date of the sale of Kelvin Group is not yet determined.

No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

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Notes - Parent

12. Cash flow statement - adjustments

DKK million	2022/23	2021/22
Financial income	(0.3)	(0.4)
Income tax expense	(0.6)	(3.0)
Other adjustments	0.0	0.4
	(0.9)	**(3.0)**

13. Changes in net working capital

DKK million	2022/23	2021/22
Change in other receivables	(3.5)	0.0
Change in other payables	(3.5)	0.0
	(7.0)	**0.0**

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Management’s Statement and Auditor’s Report

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Management's Statement

The Executive Board and the Board of Directors have discussed and approved the Annual Report of Kelvin HoldCo A/S for the financial year 1 May 2022 to 30 April 2023.

The consolidated financial statements and Parent financial statements ("Financial Statements") have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and further requirements in the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position at 30 April 2023 of the Group and Parent and of the results of the the Group and Parent's operations and cash flows for the financial year 1 May 2022 to 30 April 2023.

In our opinion, Management's Review includes a true and fair account of the matters dealt with.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Hillerød, 29 June 2023

Executive Board

Olof Ludvig Enlund | **CEO**

Lars Normand Hansen | **CTO**

Andreas Morthorst | **CFO**

Board of Directors

Bo Harald Peter Risberg | **Chairperson**

Rikke Kjær Nielsen | **Boardmember**

Anna Karolina Levander | **Boardmember**

Peter Krogh | **Boardmember**

Sarah Katherine Newbitt | **Boardmember**

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Independent Auditors Report

To the Shareholders of Kelvin HoldCo A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 30 April 2023 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 May 2022 to 30 April 2023 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Kelvin HoldCo A/S for the financial year 1 May 2022 - 30 April 2023, which comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.
Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in 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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Independent Auditors Report

To the Shareholders of Kelvin HoldCo A/S

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

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

- Obtain sufficient 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.

Hellerup, 29 June 2023
PricewaterhouseCoopers
Statsautoriseret
Revisionspartnerselskab
CVR No 33 77 12 31

Torben Jensen
State Authorised Public Accountant
mne18651

Philip Kjær
State Authorised Public Accountant
mne47826

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Company Information

The Company

Kelvin HoldCo A/S
Trollesmindealle 25
DK-3400 Hillerød

The Company

Central Business Registration No:	39 63 10 08
Registered in:	Hillerød
Financial period:	1 May 2022 to 30 April 2023
Municipality of reg. office:	Hillerød, Denmark

Board of Directors

Bo Harald Peter Risberg | **Chairperson**
Anna Karolina Levander | **Boardmember**
Sarah Katherine Newbitt | **Boardmember**
Rikke Kjær Nielsen | **Boardmember**
Peter Krogh | **Boardmember**

Executive Board

Olof Ludvig Enlund | **CEO**
Lars Normand Hansen | **CTO**
Andreas Morthorst | **CFO**

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup