Egern Holding ApS

Egernvej 3, DK-3600 Frederikssund

Annual Report for 2024

CVR No. 31 25 69 41

The Annual Report was presented and adopted at the Annual General Meeting of the company on 27/6 2025

Jan Ranners
Chairman of the general meeting

Contents

Management's statement

The Executive Board has today considered and adopted the Annual Report of Egern Holding ApS for the financial year 1 January - 31 December 2024.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In my opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2024 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2024.

In my opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Frederikssund, 25 June 2025

Executive Board

Lars Vinther
Manager

Independent Auditor's report

To the shareholder of Egern Holding ApS

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2024 and of the results of the Group's and the Parent Company's operations as well as of the consolidated cash flows for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Egern Holding ApS for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the 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.

Emphasis of Matter

We draw attention to Note 1 in the financial statements, which states that there is significant uncertainty regarding the value of other receivables under non-current assets. Our conclusion is not qualified in respect of this matter.

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 Statements 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 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.

Independent Auditor's report

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.

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

Independent Auditor's report

Ringsted, 25 June 2025

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Martin Sloth Langhoff Hansen
State Authorised Public Accountant
mne36027

Nikolaj Frausing Borch
State Authorised Public Accountant
mne44062

Company information

The Company	Egern Holding ApS Egernvej 3 DK-3600 Frederikssund
	CVR No: 31 25 69 41
	Financial period: 1 January - 31 December
	Financial year: 17th financial year
	Municipality of reg. office: Frederikssund
Executive Board	Lars Vinther
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Eventyrvej 16 DK-4100 Ringsted

Group Chart

Company	Residence	Ownership
Egern Holding ApS	**Denmark**	
Mermaid Medical A/S Nom. DKK 2.100.000	Denmark	94,2%
Mermaid Medical Ltd. Nom. GBP 10.000	UK	100%
Mermaid Medical BV Nom. EUR 3.500	The Netherlands	100%
Mermaid Medical Iberia S.L. Nom. EUR 3.600	Spain	90%
Mermaid Medical Italia S.R.L. Nom. EUR 10.000	Italy	70%

Financial Highlights

Seen over a 5-year period, the development of the Group is described by the following financial highlights:

	Group				
	2024	2023	2022	2021	2020
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Profit/loss of primary operations	6,319	12,966	10,467	23,036	10,233
Profit/loss of financial income and expenses	871	-1,154	-729	-271	-724
Net profit/loss for the year	5,573	8,676	7,475	17,852	7,601
Balance sheet					
Balance sheet total	162,358	156,671	162,617	131,746	108,936
Investment in property, plant and equipment	670	1,629	1,932	1,029	368
Equity	90,830	85,125	77,410	73,747	55,730
Cash flows					
Cash flows from:					
- operating activities	13,179	4,977	232	18,691	23,424
- investing activities	-4,396	-5,870	-6,610	-11,113	-11,951
- financing activities	-3,714	3,296	-6,627	-69	-2,868
Change in cash and cash equivalents for the year	5,069	2,403	13,005	7,509	8,604
Number of employees	68	63	56	51	47
Ratios					
Return on assets	3.9%	8.3%	6.4%	17.5%	9.4%
Solvency ratio	55.9%	54.3%	47.6%	56.0%	51.2%
Return on equity	6.3%	10.7%	9.9%	27.6%	14.6%

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.

Management's review

Key activities

The Group's main activity comprises trading and production, primarily in respect of medical devices for the health sector.

Development in the year

The income statement of the Group for 2024 shows a profit of DKK 5,573,495 (DKK 7,189,455 pre-tax), and at 31 December 2024 the balance sheet of the Group shows a positive equity of DKK 90,830,170.

The result of 2024 is impacted by impairment of DKK 9,600,000 related to completed development projects.

Management expected a pre-tax result in the year 2024 of DKK 18,000,000-24,000,000 which included ambitious growth targets that did not fully materialize due to harder than expected market conditions.

The Group operates throughout the Nordics, in five European countries as well as the USA.

The product portfolio has been expanded during the year and significant employee and financial resources have been used to develop and market the product portfolio.

The Group has intensified its marketing effort in all markets and established close contact with its suppliers in order to service the health sector in each of the geographies in the best possible way.

Based on this, Management considers the result for the year satisfactory.

Management expects a result for the year 2025 of DKK 7,000,000-20,000,000 which is a wider range compared to previous years due to the uncertainty introduced by current and potential customs tariffs.

Foreign exchange risks

That the Group operates on numerous geographical markets leads to foreign exchange risks. In the manner possible, Management is intent on minimizing these risks either financially or operationally by dealing in local currencies in both purchase and sales, wherever possible.

Research and development

The Group has incurred development costs of DKK 6,263,865 in the financial year.

External environment

The Group is, of course, invested in ensuring the most environmentally friendly production both internally and with external suppliers, which has resulted in ISO 14001 environment certification during 2024 - marking an important milestone on that journey.

Intellectual capital resources

The Group invests in a continued development and preservation of the employees´ knowledge and competences so that they can continue to serve the health sector in the best possible way.

Uncertainty relating to recognition and measurement

As mentioned in note 1, under other receivables, receivables have been recognised, to which uncertainty related to the debtors ability to repay the loan exists and therefore also the valuation. Management expects the loan to be repaid.

Subsequent events

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

Income statement 1 January - 31 December

		Group		Parent company	
	Note	2024	2023	2024	2023
		DKK	DKK	DKK	DKK
Gross profit		**60,509,552**	**56,290,285**	**-2,295,007**	**-2,386,800**
Staff expenses	2	-41,393,872	-39,827,251	0	0
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3,4	-12,608,557	-3,068,444	-12,009,244	-2,494,037
Other operating expenses		-188,411	-428,486	0	0
Profit/loss before financial income and expenses		**6,318,712**	**12,966,104**	**-14,304,251**	**-4,880,837**
Income from investments in subsidiaries		0	0	16,222,335	12,610,378
Financial income	5	3,253,691	1,929,650	672,607	821,269
Financial expenses	6	-2,382,948	-3,083,866	-1,065,847	-1,199,287
Profit/loss before tax		**7,189,455**	**11,811,888**	**1,524,844**	**7,351,523**
Tax on profit/loss for the year	7	-1,615,960	-3,136,268	3,332,601	1,156,911
Net profit/loss for the year	8	**5,573,495**	**8,675,620**	**4,857,445**	**8,508,434**

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2024	2023	2024	2023
		DKK	DKK	DKK	DKK
Completed development projects		8,977,496	20,114,087	8,977,496	20,114,087
Acquired licenses		617,338	815,557	399,025	399,025
Goodwill		339,909	577,477	0	169,587
Development projects in progress		12,007,717	6,221,338	12,007,717	6,221,338
Intangible assets	9	**21,942,460**	**27,728,459**	**21,384,238**	**26,904,037**
Plant and machinery		488,837	611,044	488,837	611,044
Other fixtures and fittings, tools and equipment		802,746	2,019,660	0	0
Leasehold improvements		358,705	243,108	0	0
Property, plant and equipment	10	**1,650,288**	**2,873,812**	**488,837**	**611,044**
Investments in subsidiaries	11	0	0	75,232,829	58,342,446
Investments in associates	12	0	300,000	0	300,000
Other investments	13	800,000	0	800,000	0
Other receivables	13	41,310,405	42,561,058	10,650,755	10,486,642
Fixed asset investments		**42,110,405**	**42,861,058**	**86,683,584**	**69,129,088**
Fixed assets		**65,703,153**	**73,463,329**	**108,556,659**	**96,644,169**
Inventories	14	**55,311,309**	**43,603,851**	**0**	**0**
Trade receivables		18,325,577	22,495,451	126,815	113,631
Receivables from group enterprises		0	0	1,844,593	3,342,665
Other receivables		5,133,664	4,423,337	2,503,245	2,929,415
Corporation tax		235,968	0	0	0
Corporation tax receivable from group enterprises		0	0	3,889,961	844,354
Prepayments	15	1,558,746	1,663,958	0	0
Receivables		**25,253,955**	**28,582,746**	**8,364,614**	**7,230,065**

Balance sheet 31 December

Assets

		Group		Parent company	
	Note	2024	2023	2024	2023
		DKK	DKK	DKK	DKK
Cash at bank and in hand		**16,089,507**	**11,021,251**	**452,806**	**32,005**
Current assets		**96,654,771**	**83,207,848**	**8,817,420**	**7,262,070**
Assets		**162,357,924**	**156,671,177**	**117,374,079**	**103,906,239**

Balance sheet 31 December

Liabilities and equity

	Note	Group 2024	Group 2023	Parent company 2024	Parent company 2023
		DKK	DKK	DKK	DKK
Share capital		125,000	125,000	125,000	125,000
Reserve for net revaluation under the equity method		0	0	70,228,082	53,751,762
Reserve for development costs		0	0	16,368,466	21,707,042
Reserve for exchange rate conversion		393,350	139,365	0	0
Retained earnings		86,966,606	82,109,161	763,408	6,789,722
Proposed dividend for the year		0	122,000	0	122,000
Equity attributable to shareholders of the Parent Company		**87,484,956**	**82,495,526**	**87,484,956**	**82,495,526**
Minority interests		3,345,214	2,629,230	0	0
Equity		**90,830,170**	**85,124,756**	**87,484,956**	**82,495,526**
Provision for deferred tax	16	4,029,400	4,137,867	3,997,809	4,154,594
Provisions relating to investments in group enterprises		0	0	503,198	89,135
Provisions		**4,029,400**	**4,137,867**	**4,501,007**	**4,243,729**
Credit institutions		4,000,000	4,000,000	4,000,000	4,000,000
Other payables		4,068,382	4,996,277	2,688,608	3,654,923
Long-term debt	17	**8,068,382**	**8,996,277**	**6,688,608**	**7,654,923**
Credit institutions	17	16,569,905	19,234,327	4,943,787	5,686,079
Lease obligations		0	1,251,000	0	0
Trade payables		31,180,690	25,969,423	1,428,612	551,085
Payables to group enterprises		0	0	8,128,975	0
Payables to associates		75,000	75,000	75,000	75,000
Payables to owners and Management		563,480	476,993	508,330	419,270
Corporation tax		1,597,406	2,398,870	714,145	0
Other payables	17	9,443,491	9,006,664	2,900,659	2,780,627
Short-term debt		**59,429,972**	**58,412,277**	**18,699,508**	**9,512,061**
Debt		**67,498,354**	**67,408,554**	**25,388,116**	**17,166,984**
Liabilities and equity		**162,357,924**	**156,671,177**	**117,374,079**	**103,906,239**

Balance sheet 31 December

Liabilities and equity

		Group		Parent company	
	Note	2024	2023	2024	2023
		DKK	DKK	DKK	DKK
Uncertainty relating to recognition and measurement	1				
Contingent assets, liabilities and other financial obligations	20				
Related parties	21				
Subsequent events	22				
Accounting Policies	23				

Statement of changes in equity

Group

	Share capital	Reserve for exchange rate conversion	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	125,000	139,365	82,109,161	122,000	82,495,526	2,629,230	85,124,756
Exchange adjustments	0	253,985	0	0	253,985	-66	253,919
Ordinary dividend paid	0	0	0	-122,000	-122,000	0	-122,000
Net profit/loss for the year	0	0	4,857,445	0	4,857,445	716,050	5,573,495
Equity at 31 December	**125,000**	**393,350**	**86,966,606**	**0**	**87,484,956**	**3,345,214**	**90,830,170**

Statement of changes in equity

Parent company

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	125,000	53,751,762	21,707,042	6,789,722	122,000	82,495,526
Exchange adjustments	0	253,985	0	0	0	253,985
Ordinary dividend paid	0	0	0	0	-122,000	-122,000
Development costs for the year	0	0	4,885,815	-4,885,815	0	0
Depreciation, amortisation and impairment for the year	0	0	-10,224,391	10,224,391	0	0
Net profit/loss for the year	0	16,222,335	0	-11,364,890	0	4,857,445
Equity at 31 December	**125,000**	**70,228,082**	**16,368,466**	**763,408**	**0**	**87,484,956**

Cash flow statement 1 January - 31 December

	Note	Group 2024	Group 2023
		DKK	DKK
Result of the year		5,573,495	8,675,620
Adjustments	18	13,676,931	7,565,228
Change in working capital	19	-2,651,913	-7,467,543
Cash flow from operations before financial items		**16,598,513**	**8,773,305**
Financial income		1,481,445	1,929,650
Financial expenses		-2,382,948	-3,083,866
Cash flows from ordinary activities		**15,697,010**	**7,619,089**
Corporation tax paid		-2,518,063	-2,642,251
Cash flows from operating activities		**13,178,947**	**4,976,838**
Purchase of intangible assets		-6,263,865	-2,882,047
Purchase of property, plant and equipment		-670,317	-378,007
Fixed asset investments made etc		-1,724,989	-8,255,343
Sale of intangible assets		0	1,494,107
Sale of property, plant and equipment		14,910	69,163
Sale of fixed asset investments made etc		4,247,887	4,082,064
Cash flows from investing activities		**-4,396,374**	**-5,870,063**
Repayment of loans from credit institutions		-2,664,422	4,628,430
Repayment of other long-term debt		-927,895	-164,780
Other equity entries		0	127,731
Dividend paid		-122,000	-117,800
Minority interests dividend paid		0	-131,977
Minority interests additions		0	246,430
Minority interests disposals		0	-1,291,642
Cash flows from financing activities		**-3,714,317**	**3,296,392**
Change in cash and cash equivalents		**5,068,256**	**2,403,167**
Cash and cash equivalents at 1 January		11,021,251	8,618,084
Cash and cash equivalents at 31 December		**16,089,507**	**11,021,251**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		16,089,507	11,021,251
Cash and cash equivalents at 31 December		**16,089,507**	**11,021,251**

Notes to the Financial Statements

1. Uncertainty relating to recognition and measurement

Development projects

The Group has capitalized development costs with a total book value of DKK 20,985k at 31 December 2024 (Parent: DKK 20,985k). Of these, DKK 12,008k relate to development projects in progress, which consists of medical products currently under development. The work on these products are progressing as planned and they are expected to be ready for the market in 2025.

For development projects in progress, there is a risk that these will, due to unforeseen circumstances or other events, not be brought to market as planned. Management currently has strong belief that the products will be brought to market during 2025 as planned, and as mentioned, development is progressing as planned. However, some uncertainty will naturally exist in this regard.

Other receivables

Other receivables under fixed assets include a receivable of DKK 41,310k(Parent: DKK 10,651) to which there is a material uncertainty relating to the debtors ability to repay the receivable. The receivable relates to an American company and its Parent Company with the same owners as Egern Holding ApS. The American company has been in a start-up phase, and the American company's sales of new products are aimed at a conservative market and the penetration period is expected to be relatively long. Over the next 1-2 years, products are expected to be fully developed and introduced to the US market, which management expects will drive a significant positive development in the US activities. This will facilitate and support repayment of the receivable. In addition, the receivable was reduced by DKK 1.2 million in the financial year, despite positive exchange rate adjustments of DKK 1.8 million. However, material uncertainty is still assessed regarding the value of the receivable and when the American company will be able to pay the receivable. Based on the expectations for the American activities and the initiatives that have been initiated, it is Management's expectation that within a few years the debtor will be able to continuously reduce the balance, and Management has thus not found the need to write down the receivable on this basis.

	Group		Parent company	
	2024	2023	2024	2023
	DKK	DKK	DKK	DKK
2. Staff expenses				
Wages and salaries	37,621,573	36,982,770	0	0
Pensions	3,131,460	2,392,945	0	0
Other social security expenses	640,839	451,536	0	0
	41,393,872	**39,827,251**	**0**	**0**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Average number of employees	**68**	**63**	**0**	**0**

Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	DKK	DKK	DKK	DKK
3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment				
Amortisation of intangible assets	12,169,028	2,648,091	11,887,037	2,371,830
Depreciation of property, plant and equipment	439,529	420,353	122,207	122,207
	12,608,557	**3,068,444**	**12,009,244**	**2,494,037**

	Group		Parent company	
	2024	2023	2024	2023
	DKK	DKK	DKK	DKK
4. Special items				
Impairment of fixed assets	9,600,000	0	9,600,000	0
	9,600,000	**0**	**9,600,000**	**0**

Impairment of fixed assets relates to completed development projects. See note 9 for further details.

	Group		Parent company	
	2024	2023	2024	2023
	DKK	DKK	DKK	DKK
5. Financial income				
Other financial income	1,481,446	1,731,230	672,607	622,849
Exchange gains	1,772,245	198,420	0	198,420
	3,253,691	**1,929,650**	**672,607**	**821,269**

	Group 2024 DKK	Group 2023 DKK	Parent company 2024 DKK	Parent company 2023 DKK
6. Financial expenses				
Other financial expenses	2,291,887	2,038,844	974,786	1,199,287
Exchange loss	91,061	1,045,022	91,061	0
	2,382,948	**3,083,866**	**1,065,847**	**1,199,287**

	Group 2024 DKK	Group 2023 DKK	Parent company 2024 DKK	Parent company 2023 DKK
7. Income tax expense				
Current tax for the year	1,814,111	3,434,474	-3,175,816	-844,354
Deferred tax for the year	-198,151	-370,536	-156,785	-312,594
Adjustment of tax concerning previous years	0	72,330	0	37
	1,615,960	**3,136,268**	**-3,332,601**	**-1,156,911**

	Group 2024 DKK	Group 2023 DKK	Parent company 2024 DKK	Parent company 2023 DKK
8. Profit allocation				
Proposed dividend for the year	0	122,000	0	122,000
Reserve for net revaluation under the equity method	0	0	16,222,335	5,752,829
Minority interests' share of net profit/loss of subsidiaries	716,050	167,185	0	0
Retained earnings	4,857,445	8,386,435	-11,364,890	2,633,605
	5,573,495	**8,675,620**	**4,857,445**	**8,508,434**

Notes to the Financial Statements

9. Intangible fixed assets

Group

	Completed development projects	Acquired licenses	Goodwill	Develop-ment projects in progress
	DKK	DKK	DKK	DKK
Cost at 1 January	24,348,987	2,541,877	1,747,771	6,221,338
Exchange adjustment	0	-52,191	0	0
Additions for the year	384,475	0	0	5,879,390
Transfers for the year	93,011	0	0	-93,011
Cost at 31 December	24,826,473	2,489,686	1,747,771	12,007,717
Impairment losses and amortisation at 1 January	4,234,900	1,726,319	1,170,294	0
Impairment losses for the year	9,600,000	0	0	0
Amortisation for the year	2,117,450	146,029	237,568	0
Reversal for the year of previous years impairment losses	-103,373	0	0	0
Impairment losses and amortisation at 31 December	15,848,977	1,872,348	1,407,862	0
Carrying amount at 31 December	**8,977,496**	**617,338**	**339,909**	**12,007,717**

Parent company

	Completed development projects	Acquired licenses	Goodwill	Develop-ment projects in progress
	DKK	DKK	DKK	DKK
Cost at 1 January	24,348,987	1,060,395	1,271,900	6,221,338
Exchange adjustment	0	0	0	0
Additions for the year	384,475	0	0	5,879,390
Transfers for the year	93,011	0	0	-93,011
Cost at 31 December	24,826,473	1,060,395	1,271,900	12,007,717
Impairment losses and amortisation at 1 January	4,234,900	661,370	1,102,313	0
Impairment losses for the year	9,600,000	0	0	0
Amortisation for the year	2,117,450	0	169,587	0
Reversal for the year of previous years impairment losses	-103,373	0	0	0
Impairment losses and amortisation at 31 December	15,848,977	661,370	1,271,900	0
Carrying amount at 31 December	**8,977,496**	**399,025**	**0**	**12,007,717**

Develpment projects in progress relate to new products that will be part of the Group's product portfolio. The projects are expected to be finalized and ready for approval during 2025 and 2026.

Completed development projects have been brought to market and have obtained approval in one or more markets. Revenue on these are expected to increase significantly in the years ahead.

The products are expected to be sold world-wide via the Company's subsidiary Mermaid Medical A/S, which will handle production and distribution of the products. Initially the products will be sold on the existing markets and to the subsidiary's current customers as well as new customers. This will be achieved through the existing sales channels, and will comply with the subsidiary's current strategy with Europe and the USA as the primary focus.

The Company expects to continue the strategy and continue developing own products, thereby obtaining a larger part of the value chain and supporting the distribution-business in the subsidiary.

The write-down for completed development projects this year can be attributed to a single project and is due to a change in the strategy for the relevant product, which is no longer expected to be part of the Group's future strategy, but will instead partially be used for further development in the form of a new product. The remaining book value of the relevant product amounts to 7.7 million, which thus represents the remaining value of the parts of the product development that are expected to be reusable.

Notes to the Financial Statements

10. Property, plant and equipment

	Group			Parent company
	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improve-ments	Plant and machinery
	DKK	DKK	DKK	DKK
Cost at 1 January	855,459	2,895,412	471,189	855,459
Additions for the year	0	423,451	246,866	0
Disposals for the year	0	-1,548,541	0	0
Cost at 31 December	855,459	1,770,322	718,055	855,459
Impairment losses and depreciation at 1 January	244,415	875,752	228,081	244,415
Depreciation for the year	122,207	186,045	131,269	122,207
Reversal of impairment and depreciation of sold assets	0	-94,221	0	0
Impairment losses and depreciation at 31 December	366,622	967,576	359,350	366,622
Carrying amount at 31 December	**488,837**	**802,746**	**358,705**	**488,837**

11. Investments in subsidiaries

	Parent company 2024 DKK	Parent company 2023 DKK
Cost at 1 January	4,109,854	2,371,038
Additions for the year	0	1,738,816
Cost at 31 December	4,109,854	4,109,854
Value adjustments at 1 January	53,751,762	46,972,023
Exchange adjustment	253,985	206,197
Net profit/loss for the year	15,972,343	12,468,987
Dividend to the Parent Company	0	-6,164,668
Amortisation of goodwill	-67,980	-67,980
Change in intercompany profit on inventories	317,972	209,371
Other adjustments	0	127,832
Value adjustments at 31 December	70,228,082	53,751,762
Equity investments with negative net asset value amortised over receivables	391,695	391,695
Equity investments with negative net asset value transferred to provisions	503,198	89,135
Carrying amount at 31 December	**75,232,829**	**58,342,446**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Mermaid Medical A/S	Stenløse	DKK 2,100,000	94%
Mermaid Medical Limited	Southport (UK)	GBP 10,000	100%
Mermaid Medical BV, NL	Hella (NL)	EUR 3,500	100%
Mermaid Medical Iberia S.L, ES	Toledo (ES)	EUR 3,600	90%
Mermaid Medical Italia S.R.L, IT	Genova (IT)	EUR 10,000	70%

12. Investments in associates

	Group 2024	Group 2023	Parent company 2024	Parent company 2023
	DKK	DKK	DKK	DKK
Cost at 1 January	300,000	300,000	300,000	300,000
Additions for the year	500,000	0	500,000	0
Transfers for the year	-800,000	0	-800,000	0
Cost at 31 December	0	300,000	0	300,000
Carrying amount at 31 December	**0**	**300,000**	**0**	**300,000**

13. Other fixed asset investments

	Group		Parent company	
	Other investments	Other receivables	Other investments	Other receivables
	DKK	DKK	DKK	DKK
Cost at 1 January	43,750	42,561,058	43,750	10,486,642
Exchange adjustment	0	1,772,245	0	0
Additions for the year	0	1,224,989	0	649,691
Disposals for the year	0	-4,247,887	0	-485,578
Transfers for the year	800,000	0	800,000	0
Cost at 31 December	843,750	41,310,405	843,750	10,650,755
Impairment losses at 1 January	43,750	0	43,750	0
Impairment losses at 31 December	43,750	0	43,750	0
Carrying amount at 31 December	**800,000**	**41,310,405**	**800,000**	**10,650,755**

14. Inventories

	Group 2024	Group 2023	Parent company 2024	Parent company 2023
	DKK	DKK	DKK	DKK
Finished goods and goods for resale	52,834,311	42,464,418	0	0
Prepayments for goods	2,476,998	1,139,433	0	0
	55,311,309	**43,603,851**	**0**	**0**

Notes to the Financial Statements

15. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

16. Provision for deferred tax

	Group		Parent company	
	2024	2023	2024	2023
	DKK	DKK	DKK	DKK
Deferred tax liabilities at 1 January	4,137,867	4,449,350	4,154,594	4,467,188
Deffered tax due to change in intercompany profit on inventories	89,684	59,053	0	0
Amounts recognised in the income statement for the year	-198,151	-370,536	-156,785	-312,594
Deferred tax liabilities at 31 December	**4,029,400**	**4,137,867**	**3,997,809**	**4,154,594**

17. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent company	
	2024	2023	2024	2023
	DKK	DKK	DKK	DKK
Credit institutions				
After 5 years	0	0	0	0
Between 1 and 5 years	4,000,000	4,000,000	4,000,000	4,000,000
Long-term part	4,000,000	4,000,000	4,000,000	4,000,000
Within 1 year	4,000,000	4,000,000	4,000,000	4,000,000
Other short-term debt to credit institutions	12,569,905	15,234,327	943,787	1,686,079
	20,569,905	**23,234,327**	**8,943,787**	**9,686,079**

17. Long-term debt

	Group		Parent company	
	2024	2023	2024	2023
	DKK	DKK	DKK	DKK
Other payables				
After 5 years	1,379,774	1,341,354	0	0
Between 1 and 5 years	2,688,608	3,654,923	2,688,608	3,654,923
Long-term part	4,068,382	4,996,277	2,688,608	3,654,923
Other short-term payables	9,443,491	9,006,664	2,900,659	2,780,627
	13,511,873	**14,002,941**	**5,589,267**	**6,435,550**

18. Cash flow statement - Adjustments

	Group	
	2024	2023
	DKK	DKK
Financial income	-3,253,691	-1,929,650
Financial expenses	2,382,948	3,083,866
Depreciation, amortisation and impairment losses, including losses and gains on sales	12,625,605	3,068,444
Tax on profit/loss for the year	1,615,960	3,136,268
Exchange adjustments	306,109	206,300
	13,676,931	**7,565,228**

19. Cash flow statement - Change in working capital

	Group	
	2024	2023
	DKK	DKK
Change in inventories	-11,707,458	9,963,969
Change in receivables	3,564,759	1,178,622
Change in trade payables, etc	5,490,786	-18,610,134
	-2,651,913	**-7,467,543**

	Group		Parent company	
	2024	2023	2024	2023
	DKK	DKK	DKK	DKK
20. Contingent assets, liabilities and other financial obligations				
Charges and security				
The following assets have been placed as security with bankers:				
Company charge amounting to TDKK 21,500 (Parent: TDKK 10,000) have been placed in simple claims, inventory of raw materials, work in progress and finished goods, other equipment and intellectual property rights with a carrying amount of	143,536,446	132,949,480	36,998,482	41,458,019
The following assets have been placed as security with other payables				
Company charge amounting to TDKK 8,000 (Parent: TDKK 8,000) have been placed in simple claims, inventory of raw materials, work in progress and finished goods, other equipment and intellectual property rights with a carrying amount of	36,998,482	41,458,019	36,998,482	41,458,019
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	1,343,184	670,000	0	0
Between 1 and 5 years	971,168	603,000	0	0
	2,314,352	**1,273,000**	**0**	**0**
Lease obligations, period of non-terminability 6-48 months	2,718,296	2,922,000	0	0

	Group		Parent company	
	2024	2023	2024	2023
	DKK	DKK	DKK	DKK

20. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The Danish 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 by the Danish part of the Group amounts to DKK 714k. Moreover, the Danish 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 Parent Company has posted an unlimited guarantee towards the subsidiary Mermaid Medical A/S' engagement with banks. Total bank debt amounts to DKK 11,626k at 31 December 2024.

21. Related parties

	Basis
Controlling interest	
Lars Vinther, Egernvej 3, 3600 Frederikssund	CEO and majority shareholder

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(6) of the Danish Financial Statements Act.

22. Subsequent events

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

Notes to the Financial Statements

23. Accounting policies

The Annual Report of Egern Holding ApS for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2024 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Egern Holding ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Business acquisitions carried through before 1 July 2018

Subject to some exemptions, acquisitions carried through before 1 July 2018 are accounted for under the same accounting policies as those applying to business combinations carried through on or after 1 July 2018. The most material exemptions are:

- Identifiable assets and liabilities of the entity acquired are recognised only if they are probable.
- Identifiable contingent liabilities of the entity acquired are not recognised in the consolidated balance sheet.
- Where the purchase price allocation is not final, positive and negative differences due to changes to the recognition and measurement of the acquired net assets may be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.
- Transaction costs directly attributable to the acquisition of subsidiaries are included as part of cost.
- After the initial recognition, adjustment of contingent consideration is recognised directly with its counter entry in initial purchase price, thus correcting the value of goodwill or negative goodwill.
- In respect of step acquisitions, the carrying amount of the existing investments is recognised in cost.

Pooling of interests

Intragroup business combinations are accounted for under the pooling-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The pooling-of-interests method is applied as if the two enterprises had always been combined by restating comparative figures.

Notes to the Financial Statements

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquistition of subsidiaries.

Business acquisitions carried through before 1 July 2018

Minority interests are recognised at the carrying amounts of the acquired assets and liabilities at the time of acquisition of subsidiaries.

Business acquisitions carried through on or after 1 July 2018

Minority interests are initially measured at their proportionate share of the fair value of the acquired entity's identifiable net assets. In this way, only goodwill related to the Parent Company's share of the entity acquired is recognised.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

• delivery has been made before year end;

• a binding sales agreement has been made;

• the sales price has been determined; and

• payment has been received or may with reasonable certainty be expected to be received.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve the consolidated revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Notes to the Financial Statements

Income from investments in subsidiaries and associates

Dividends from associates are recognised as income in the income statement when adopted at the General Meeting of the associate. However, dividends relating to earnings in the associate before it was acquired by the Parent Company are set off against the cost of the associate.

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Mermaid Medical A/S. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 7 years, determined on the basis of Management's experience with the individual business areas and their assessments of synergies and strategic benefits .

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

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 if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5-10 year.

Other intangible fixed assets

Patents are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents are amortised over the remaining patent period or a shorter useful life. The amortisation period is 5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant and machinery	10-15 years
Other fixtures and fittings, tools and equipment	3-8 years
Leasehold improvements	5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Investments in subsidiaries and associates

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

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Fixed asset investments

Fixed asset investments, which consist investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Other fixed asset investments

Other fixed asset investments consist of receivables (fixed assets).

Inventories

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 and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Notes to the Financial Statements

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

With reference to section 86(4) of the Danish Financial Statements Act, the Parent Company has not prepared a cash flow statement for the Company itself but has only prepared a cash flow statement for the Group.

Notes to the Financial Statements

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 Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss 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

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Return on assets	Profit/loss of primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity