

Kirstine Hardam A/S

Fabersvej 15, 7500 Holstebro

Company reg. no. 30 55 14 94

Annual report

2024

The annual report was submitted and approved by the general meeting on the 22 May 2025.

Uffe Hardam
chairman of the meeting

Contents

	<u>Page</u>
Reports	
Management's statement	1
Independent auditor's report	2
Management's review	
Company information	5
Financial highlights	6
Management's review	7
Financial statements 1 January - 31 December 2024	
Income statement	8
Balance sheet	9
Statement of changes in equity	11
Statement of cash flows	12
Notes	13
Accounting policies	17

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Kirstine Hardam A/S for the financial year 2024.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2024 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2024.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Holstebro, 16 May 2025

Managing Director

Uffe Hardam
CEO

Board of directors

Timothy Barton Finnerty
chairman

Amanda Lee Brunner

Uffe Hardam

Independent auditor's report

To the Shareholders of Kirstine Hardam A/S

Opinion

We have audited the financial statements of Kirstine Hardam A/S for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity, statement of cash flows, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

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

Basis for conclusion

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 Company 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.

Management's Responsibilities for the Financial Statements

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

In preparing the financial statements, Management is responsible for assessing the 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 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.

Independent auditor's report

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 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 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 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.

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

Statement on 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.

Independent auditor's report

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, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Holstebro, 16 May 2025

KRØYER PEDERSEN

State Authorised Public Accountants
Company reg. no. 89 22 49 18

Klaus Lund Kristensen
State Authorised Public Accountant
mne32792

Company information

The company	Kirstine Hardam A/S Fabersvej 15 7500 Holstebro
	Web site www.hardam.dk
	Company reg. no. 30 55 14 94
	Established: 1 January 2007
	Domicile: Holstebro
	Financial year: 1 January - 31 December 18th financial year
Board of directors	Timothy Barton Finnerty, chairman Amanda Lee Brunner Uffe Hardam
Managing Director	Uffe Hardam, CEO
Auditors	KRØYER PEDERSEN Statsautoriserede Revisorer I/S
Bankers	Nordea
Parent company	KMT Medical Europe Limited, USA

Financial highlights

DKK in thousands.	2024	2023	2022	2021	2020
Income statement:					
Gross profit	35.196	38.156	30.699	29.269	30.297
Profit before net financials	20.995	25.669	19.138	19.032	19.861
Net financials	1.076	740	-203	-126	-147
Net profit or loss for the year	17.212	20.596	14.767	14.741	15.381
Statement of financial position:					
Balance sheet total	77.593	83.064	64.039	55.300	40.887
Investments in property, plant and equipment	0	0	1.225	0	535
Equity	66.981	69.769	49.173	45.406	30.665
Cash flows:					
Operating activities	3.490	17.883	12.646	6.832	27.219
Investing activities	-352	0	-560	-173	-436
Financing activities	-20.131	-126	-10.846	-200	-60.471
Total cash flows	-16.993	17.757	1.240	6.459	-33.688
Employees:					
Average number of full-time employees	20	20	19	18	19
Key figures in %:					
Acid test ratio	717,0	641,6	439,4	542,1	375,3
Solvency ratio	86,3	84,0	76,8	82,1	75,0
Return on equity	25,2	34,6	31,2	38,8	29,0

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

$$\text{Acid test ratio} = \frac{\text{Current assets} \times 100}{\text{Short term liabilities other than provisions}}$$

$$\text{Solvency ratio} = \frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$$

$$\text{Return on equity} = \frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$$

Management's review

Description of key activities of the company

Like previous years, the principal activity has consisted of the purchase and sale of nursing supplies to public institutions as well as to private companies and individuals.

Development in activities and financial matters

The gross profit for the year totals DKK 35.195.684 against DKK 38.156.083 last year. The net profit after tax totals DKK 17.212.368 against DKK 20.596.142 last year. The development must be seen in light of the fact that, according to the annual report 2023, the company expected a lower result for 2024. Management considers the net profit for the year satisfactory.

Research and development activities

The company has no direct research and development activities.

Expected developments

The intense competition in the market is expected to continue in the coming financial year. At the same time, prices for purchases from suppliers are expected to continue to rise. As a result, the company expects a profit before tax between DKK 15.000.000 - 18.000.000 for the coming financial year. The company expects to continue to have a satisfactory cash position.

Events occurring after the end of the financial year

No events have occurred after the end of the financial year which could significantly impact the company's financial position.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2024</u>	<u>2023</u>
Gross profit	35.195.684	38.156.083
1 Staff costs	-13.709.168	-11.785.356
Depreciation, amortisation, and impairment	-491.365	-701.948
Profit before net financials	20.995.151	25.668.779
Financial income from group enterprises	792.553	471.880
Other financial income	473.710	449.020
Financial expenses	-189.849	-181.077
Pre-tax net profit or loss	22.071.565	26.408.602
Tax on net profit for the year	-4.859.197	-5.812.460
2 Net profit or loss for the year	17.212.368	20.596.142

Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2024</u>	<u>2023</u>
Assets		
Non-current assets		
3 Acquired rights, software	351.684	40.839
Total intangible assets	<u>351.684</u>	<u>40.839</u>
4 Other fixtures and fittings, tools and equipment	983.259	1.347.825
Total property, plant, and equipment	<u>983.259</u>	<u>1.347.825</u>
5 Deposits	166.250	166.250
Total investments	<u>166.250</u>	<u>166.250</u>
Total non-current assets	<u>1.501.193</u>	<u>1.554.914</u>
Current assets		
Commercial goods	24.439.038	22.808.104
Total inventories	<u>24.439.038</u>	<u>22.808.104</u>
Trade receivables	12.658.027	18.432.653
Receivables from group enterprises	23.511.196	10.189.000
6 Deferred tax assets	245.431	0
Other receivables	2.200.000	32.000
7 Prepayments	159.436	175.359
Total receivables	<u>38.774.090</u>	<u>28.829.012</u>
Cash and cash equivalents	<u>12.879.082</u>	<u>29.872.281</u>
Total current assets	<u>76.092.210</u>	<u>81.509.397</u>
Total assets	<u>77.593.403</u>	<u>83.064.311</u>

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities	<u>2024</u>	<u>2023</u>
<u>Note</u>		
Equity		
8 Contributed capital	500.000	500.000
Retained earnings	36.481.358	69.268.990
Proposed dividend for the financial year	30.000.000	0
Total equity	<u>66.981.358</u>	<u>69.768.990</u>
Provisions		
Provisions for deferred tax	0	30.326
Total provisions	<u>0</u>	<u>30.326</u>
Liabilities other than provisions		
Lease liabilities	0	561.580
9 Total long term liabilities other than provisions	<u>0</u>	<u>561.580</u>
9 Current portion of long term liabilities	561.171	131.000
Trade payables	5.503.072	5.914.120
Payables to group enterprises	283.133	2.750.938
Income tax payable	334.954	457.742
Other payables	3.929.715	3.449.615
Total short term liabilities other than provisions	<u>10.612.045</u>	<u>12.703.415</u>
Total liabilities other than provisions	<u>10.612.045</u>	<u>13.264.995</u>
Total equity and liabilities	<u>77.593.403</u>	<u>83.064.311</u>
10 Charges and security		
11 Contingencies		
12 Related parties		

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2023	500.000	48.672.848	0	49.172.848
Retained earnings for the year	0	20.596.142	0	20.596.142
Equity 1 January 2024	500.000	69.268.990	0	69.768.990
Retained earnings for the year	0	-32.787.632	30.000.000	-2.787.632
Extraordinary dividend adopted during the financial year	0	20.000.000	0	20.000.000
Distributed extraordinary dividend adopted during the financial year	0	-20.000.000	0	-20.000.000
	500.000	36.481.358	30.000.000	66.981.358

Statement of cash flows 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2024</u>	<u>2023</u>
Net profit or loss for the year	17.212.368	20.596.142
13 Adjustments	4.188.188	5.604.341
14 Change in working capital	-13.729.334	-4.275.336
Cash flows from operating activities before net financials	7.671.222	21.925.147
Interest received, etc.	1.266.263	920.900
Interest paid, etc.	-189.849	-181.077
Cash flows from ordinary activities	8.747.636	22.664.970
Income tax paid	-5.257.742	-4.782.194
Cash flows from operating activities	3.489.894	17.882.776
Purchase of intangible assets	-351.684	0
Cash flow from investing activities	-351.684	0
Repayments of long-term payables	-131.409	-126.035
Dividend paid	-20.000.000	0
Cash flow from financing activities	-20.131.409	-126.035
Change in cash and cash equivalents	-16.993.199	17.756.741
Cash and cash equivalents at 1 January	29.872.281	12.115.540
Cash and cash equivalents at 31 December	12.879.082	29.872.281
Cash and cash equivalents		
Cash and cash equivalents	12.879.082	29.872.281
Cash and cash equivalents at 31 December	12.879.082	29.872.281

Notes

All amounts in DKK.

	<u>2024</u>	<u>2023</u>
1. Staff costs		
Salaries and wages	11.827.070	10.239.578
Pension costs	1.722.340	1.378.997
Other costs for social security	159.758	166.781
	<u>13.709.168</u>	<u>11.785.356</u>
Average number of employees	<u>20</u>	<u>20</u>
Salaries and pension to management is not disclosed due to the fact that the company is subject to the Danish Financial Statements Act article 98b, paragraph 3, no 2.		
	<u>2024</u>	<u>2023</u>
2. Proposed distribution of net profit		
Extraordinary dividend distributed during the financial year	20.000.000	0
Dividend for the financial year	30.000.000	0
Transferred to retained earnings	0	20.596.142
Allocated from retained earnings	-32.787.632	0
Total allocations and transfers	<u>17.212.368</u>	<u>20.596.142</u>
	<u>31/12 2024</u>	<u>31/12 2023</u>
3. Acquired rights, software		
Cost 1 January	1.115.611	1.115.611
Additions during the year	351.684	0
Cost 31 December	<u>1.467.295</u>	<u>1.115.611</u>
Amortisation 1 January	-1.074.772	-1.000.891
Amortisation for the year	-40.839	-73.881
Amortisation 31 December	<u>-1.115.611</u>	<u>-1.074.772</u>
Carrying amount, 31 December	<u>351.684</u>	<u>40.839</u>

Notes

All amounts in DKK.

	<u>31/12 2024</u>	<u>31/12 2023</u>
4. Other fixtures and fittings, tools and equipment		
Cost 1 January	<u>3.037.277</u>	<u>3.037.277</u>
Cost 31 December	<u>3.037.277</u>	<u>3.037.277</u>
Depreciation 1 January	-1.689.452	-1.231.629
Depreciation for the year	<u>-364.566</u>	<u>-457.823</u>
Depreciation 31 December	<u>-2.054.018</u>	<u>-1.689.452</u>
Carrying amount, 31 December	<u>983.259</u>	<u>1.347.825</u>
Lease assets are recognised at a carrying amount of	<u>565.843</u>	<u>755.962</u>
5. Deposits		
Cost 1 January	<u>166.250</u>	<u>166.250</u>
Cost 31 December	<u>166.250</u>	<u>166.250</u>
Carrying amount, 31 December	<u>166.250</u>	<u>166.250</u>
6. Deferred tax assets		
Deferred tax assets 1 January	-30.326	-75.608
Deferred tax relating to the net profit for the year	<u>275.757</u>	<u>45.282</u>
	<u>245.431</u>	<u>-30.326</u>
7. Prepayments		
Prepaid insurance	63.449	67.446
Prepaid sales costs	49.833	40.000
Other prepayments	<u>46.154</u>	<u>67.913</u>
	<u>159.436</u>	<u>175.359</u>
8. Contributed capital		
The share capital consists of 20 shares, each with a nominal value of DKK 25.000. No shares hold particular rights.		

Notes

All amounts in DKK.

9. Long term liabilities other than provisions

	Total payables 31 Dec 2024	Current portion of long term payables	Long term payables 31 Dec 2024	Outstanding payables after 5 years
Lease liabilities	561.171	561.171	0	0
	561.171	561.171	0	0

10. Charges and security

Other fixtures, fittings, tools, and equipment representing a carrying amount of DKK 565.843 at 31 December 2024, cf. note 4, have been financed by means of finance leases. At 31 December 2024, this lease liability totals DKK 561.171.

11. Contingencies

Contingent liabilities

The company has entered into lease agreements with an average annual rent of DKK 941.000. The lease agreements may be terminated with a notice period of 6 to 9 months.

Joint taxation

With Dansac A/S, company reg. no 34 09 48 10 as administration company, the company is subject to the Danish scheme of joint taxation and is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligations to withhold tax on interest, royalties, and dividends of the jointly taxed companies.

The liabilities amount to a maximum amount corresponding to the share of the company capital, which is owned directly or indirectly by the ultimate parent company.

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

Notes

All amounts in DKK.

12. Related parties

Controlling interest

The Firm of John Dickinson Schneider Inc. 2000 Hollister Drive, 60048 Libertyville Illinois, USA	Ultimate company	parent
KMT Medical Incorporated 1209 Orange Street, 19801 Wilmington Delaware, USA	Majority shareholder	
KMT Medical Europe Limited 1209 Orange Street, 19801 Wilmington Delaware, USA	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 the Danish Financial Statements Act article 98c paragraph 7. All related party transactions carried out during the financial year have been made on arm's length basis.

Consolidated financial statements

None of the company's parent companies presents public consolidated financial statements.

	<u>2024</u>	<u>2023</u>
13. Adjustments		
Depreciation, amortisation, and impairment	405.405	531.704
Other financial income	-1.266.263	-920.900
Financial expenses	189.849	181.077
Tax on net profit for the year	4.859.197	5.812.460
	<u>4.188.188</u>	<u>5.604.341</u>
14. Change in working capital		
Change in inventories	-1.630.934	3.920.139
Change in receivables	-9.699.647	-6.337.933
Change in trade payables and other payables	-2.398.753	-1.857.542
	<u>-13.729.334</u>	<u>-4.275.336</u>

Accounting policies

The annual report for Kirstine Hardam A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Income statement

Gross profit

Gross profit comprises the revenue, cost of goods sold, other operating income and other external costs.

Accounting policies

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of goods sold comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets as well as salary reimbursements received.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises and loss on receivables.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The Danish group enterprises are subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Accounting policies

Statement of financial position

Intangible assets

Acquired rights, software

Acquired rights comprise software and are measured at cost with deduction of accumulated amortisation. Acquired rights are amortised on a straight-line basis over the estimated financial life which is 3-5 years.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-10 years	DKK 719.000

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value of the asset being leased or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

Accounting policies

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

Investments

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist.

Inventories

Inventories are measured at cost on the basis of weighted measured average prices. In cases when the net realisable value is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value. In order to meet expected losses, impairment takes place at the net realisable value.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Accounting policies

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Tax receivables from group enterprises" or "Income tax payable to group enterprises"

According to the rules of joint taxation, Kirstine Hardam A/S is proportionally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates on the reporting date when the deferred tax is expected to be released as current tax.

Liabilities other than provisions

Capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

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

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investing activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

Cash flows from operating activities

Cash flows from operating activities are calculated as the company's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Accounting policies

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the company's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits.