2care4 ApS

Stenhuggervej 12, DK-6710 Esbjerg V

Annual Report for 2023

CVR No. 28 96 40 80

The Annual Report was presented and adopted at the Annual General Meeting of the company on 25/4 2024

Thomas Hjarsbæk Rasmussen
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of 2care4 ApS for the financial year 1 January - 31 December 2023.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

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

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

Esbjerg V, 25 April 2024

Executive Board

Ulrik Ernst Rasmussen
CEO

Board of Directors

Henrik Bisgaard Jensen   Toke Værndal

Independent Auditor's report

To the shareholders of 2care4 ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company´s operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of 2care4 ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 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.

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 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 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.

Independent Auditor's report

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 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.

Esbjerg, 25 April 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Palle H. Jensen	Stefan Dracea
State Authorised Public Accountant	State Authorised Public Accountant
mne32115	mne42827

pwc

Company information

The Company	2care4 ApS Stenhuggervej 12 DK-6710 Esbjerg V Telephone: +45 75152900 Website: www.2care4.dk CVR No: 28 96 40 80 Financial period: 1 January - 31 December Incorporated: 5 August 2005 Financial year: 18th financial year Municipality of reg. office: Esbjerg
Board of Directors	Henrik Bisgaard Jensen Toke Værndal
Executive Board	Ulrik Ernst Rasmussen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Esbjerg Brygge 28, 2. DK-6700 Esbjerg

Financial Highlights

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

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	1,205,653	1,163,565	830,050	864,398	830,481
Gross profit	162,418	124,167	53,312	85,236	96,132
Profit/loss of primary operations	75,377	52,476	-23,300	9,453	22,773
Profit/loss of financial income and expenses	-12,604	-9,168	-3,582	-4,211	-2,673
Net profit/loss for the year	48,849	33,669	-21,272	4,072	15,833
Balance sheet					
Balance sheet total	446,709	441,791	382,321	331,137	341,533
Investment in property, plant and equipment	3,053	698	2,429	2,429	-4,032
Equity	104,735	75,136	41,467	62,739	58,667
Number of employees	131	110	108	118	102
Ratios					
Gross margin	13.5%	10.7%	6.4%	9.9%	11.6%
Solvency ratio	23.4%	17.0%	10.8%	18.9%	17.2%
Return on equity	54.3%	57.7%	-40.8%	6.7%	31.2%

Management's review

Key activities

The company's main activities are sales of Parallel Imported medicine and Generic medicine products.

Development in the year

Profit for the year after tax in 2023 amounts to DKKm 48,8 (2022: DKKm 33,7). The profit level for 2023 was expected to be in line with 2022 level and therefore the result is considered satisfactory and does exceed the expectations for 2023.

During financial year 2023, the markets have developed positively compared with the situation in 2022.

For the financial year 2024 the management expect activity level and net profit in line with 2023.

General risk

When launching new products, the company is very dependent on the processing time partly with the healthcare authorities in the countries where the products are sold and partly with the central European registration authority, EMA, in Amsterdam. In a number of countries, the processing time still remains long, which limits a fast introduction of both new parallel imported goods and Generics.

Financial risks

The company is exposed to fluctuations in interest rate levels and foreign exchange rates.

Control of the financial risks and cash flows of the company is conducted from the headquarters of the Group. The company pursues a low risk profile within this area.

Equivalently, a tight control of the credit policy is implemented. Thus, the company only has a very limited risk towards customers or co-operators. The majority of sales are legally enforced through consolidated pharmaceutical wholesalers.

Research and development

In general, 2care4 is increasing focus and investment in product development is expected to generate more revenue for the company within few years.

Statement of corporate social responsibility

Business model

The business model of the 2care4 Aps includes the development, in-licensing, production, import, export, distribution and sales of medical products. The main activities relate to parallel import of medical products and Generics. The parallel imported products are purchased throughout Europe, which are then repacked and sold in the Scandinavian markets and Germany. All activities are under strict surveillance and in compliance with GMP guidelines. The Company is represented in the Nordic countries, Germany and in Poland. It currently employs over 350 people of whom approximately 150 work out of the headquarters in Esbjerg, Denmark.

The company complies with all relevant legislation related to Corporate Social Responsibility, and generally strives to minimize the negative impacts of the Company’s activities as much as possible.

Risk analysis

Risk is defined as the potential negative effect that can be experienced by the business or any of the 2care4 ApS´s stakeholders. Risk is seen as a combination between impact and likelihood of any given subject.

Repacking

When purchasing medical products for parallel import, the 2care4 ApS buys from wholesalers within the EU. There is no contact with the original producer as such, and therefore, the 2care4 ApS has no influence on the production phase at all. As regards the 2care4's generic business, we are in constant dialogue with our partners to ensure that they are in compliance with all local legislation and rules.

2care4 ApS have developed a CSR policy in 2020 which elaborates on anti-corruption, human rights, social and employee conditions, environment, climate and energy consumption. For further explanation please find link to our CSR policy, https://www.epaper.dk/mss2care4/csrpolicy/csr-2care4-policy/

The CSR policy have been communicated to our suppliers & business partners.

Anti-corruption

The 2care4 Group has a zero tolerance towards corruption, and when marketing products towards pharmacies in the Nordics and DE, the guidelines of AME (Affordable Medicines Europe), MFE (Medicines for Europe) and of ENLI (Etisk Nævn for Lægemiddel Industrien) are applied and complied with in detail. Due to the fact that we see a lower risk of corruption among our partners due to being located in countries that have a high score on our CPI index, we have chosen to draw up a policy in 2020 regarding bribery and anti-corruption. In 2023, we have had 0 cases of bribery and anti-corruption. Going forward, we will continue to closely monitor anti-corruption risk. Recently, we have implemented a whistle-blower setup as an additional preventive measure in this area.

Human rights

2care4 ApS's potential risk of influencing social conditions and human rights is in general estimated to be limited, mainly due to the strictly regulated business environment in which the Company operates, even though we see a risk based on lack of transparency regarding the working environment on the sites of suppliers which is out of our control. We strive to comply with all current legislation and guidelines in relation to human rights etc. both internally as well as externally.

We have no knowledge of breach in any way internally for both PI and Generics or externally via our business partners. As a further initiative to support this we created a CSR policy in 2020, which have zero tolerance in violating human rights for us and all suppliers and business partners. In 2023, we have had 0 cases of violation of human rights.

Social and employee conditions

A healthy and safe work environment is very important for the 2care4 ApS. Therefore, we commit to ensure that our employees have the right working environment.

We consider accidents among within our workforce as one of the biggest risks and therefore we have a zero-accident target for our internal production sites. In 2023, there has been in total 1 accident in the production area. The accident has been registered and mitigating actions have been implemented to avoid similar future cases.

Besides our CSR policy, employee conditions are described in the Employee Handbook which is distributed to all new employees in advance of first working day. The Employee Handbook is available to all employees in 2care4 ApS´s quality system which contain all quality standards. The content of the Employee Handbook includes History of the company, practical information, employee rights, the role of HR and governance of general working environment.

2care4 ApS does a yearly satisfaction survey which measures employee satisfaction- and motivation on several parameters. The survey is followed by action-plans on both overall company level and department level with the purpose of improving identified weaknesses and maintain areas which has positive impact on employee satisfaction and motivation. Based on the 2023 survey, action plans in 2024 on a general level will focus on improvements within the following themes: “Employee development plans”, “Collaboration and communication” and “Well-being”

The satisfaction survey in 2023 showed an overall Engagement score of 82 which is considered to be satisfactory. The result of the survey is presented at Board of Directors meeting in February the following year.

The survey will be performed on an annual basis going forward.

Environment and energy consumption

The energy consumption and general environmental footprint from the 2care4 Group’s PI activities are very limited and has limited impact on the surrounding environment. Waste in our operations is one of our largest impacts and thus it is of great importance for 2care4 Group that we work to minimize work generation. We constantly work to improve recycling and number of resources we can reuse to generate as little waste as possible. Since the medical products are purchased as commodities, the Company has little opportunity to assess and evaluate impacts on the environment in the supply chain. This given that there is no contact with the original producer as such and, therefore, the Company has no influence on the production phase at all.

In our opinion, we as a Company comply with current legislation in the area, and we are in dialogue with our business partners concerning compliance with local legislation at the locations in the world where the Compnay´s products are manufactured. The Compnay´s generic division is managed by the headquarters in Denmark at which we ensure compliance with local Danish legislation. In 2023, we have had 0 cases of violation of legislation in the area.

The CSR policy (see link below), includes the Company´s policy on Environment and Climate. Since the policy was established in 2020 the following initiatives have concretely been implemented; optimized waste disposal, change to LED lightning and electricity consumption based on 100% sustainable energy.

https://www.epaper.dk/mss2care4/csrpolicy/csr-2care4-policy/

Going forward, 2care4 will ongoingly update the CSR policy to optimise the energy consumption and environmental footprint.

To support monitoring compliance of the corporate social responsibility, 2care4 implemented a Whistle-blower setup in 2023 which can be accessed both by employees and external stakeholders.

2care4 is currently assessing materiality of relevant parameters within CSRD guidelines. Targets and policies will be established during 2024.

Management's review

Data ethics

The internal guidelines regarding data ethics in 2care4 ApS is focused on protection of personal data for the employees. The guideline contains description of which personal data the Company is storing and how the data is protected during and beyond employment with the company. The internal guidelines are available for all employees in the company´s system containing all quality standards (D4) and introduction and formal consent of having understood the guidelines are mandatory for all new employees.

Overall, the general protection of data in the Company is taken very seriously. The majority of data is embedded in the various data systems in the Company which are being monitored real time for data breaches and general access to data network is protected with two-factor user approval.

Statement on gender composition

End year 2023 the company´s top management consist of 2 members.

The Company has obtained a gender split of 38% women and 62% men at other management levels.

End year 2023 the company has an equal gender distribution at the other management levels.

In general, the Company is recruiting leaders based on qualifications. However, in case of equal set of qualifications the candidate from the under-represented gender will be chosen for the open position.

	2023
Top management	
Total number of members	2
Underrepresented gender %	0%
Other management levels	
Total number of members	8
Underrepresented gender %	38%
Target figure %	40%
Year for meeting target	2026

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Subsequent events

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

Income statement 1 January - 31 December

	Note	2023	2022
		TDKK	TDKK
Revenue	1	1,205,653	1,163,569
Change in inventories of finished goods, work in progress and goods for resale		19,201	19,982
Expenses for raw materials and consumables		-1,026,046	-1,025,420
Other external expenses		-36,390	-33,964
Gross profit		**162,418**	**124,167**
Staff expenses	2	-78,643	-60,605
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-8,398	-11,086
Profit/loss before financial income and expenses		**75,377**	**52,476**
Financial income	4	5,548	2,107
Financial expenses	5	-18,152	-11,275
Profit/loss before tax		**62,773**	**43,308**
Tax on profit/loss for the year	6	-13,924	-9,639
Net profit/loss for the year	7	**48,849**	**33,669**

Balance sheet 31 December

Assets

	Note	2023	2022
		TDKK	TDKK
Completed development projects		11,222	4,975
Acquired licenses		8,325	8,624
Intangible assets	8	**19,547**	**13,599**
Other fixtures and fittings, tools and equipment		1,928	2,270
Leasehold improvements		2,984	988
Property, plant and equipment	9	**4,912**	**3,258**
Fixed assets		**24,459**	**16,857**
Inventories	10	**194,804**	**174,942**
Trade receivables		156,077	144,395
Receivables from group enterprises		64,958	93,723
Other receivables		2,447	750
Deferred tax asset	11	583	2,251
Prepayments	12	2,157	959
Receivables		**226,222**	**242,078**
Cash at bank and in hand		**1,224**	**7,914**
Current assets		**422,250**	**424,934**
Assets		**446,709**	**441,791**

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		TDKK	TDKK
Share capital		125	125
Reserve for development costs		8,754	3,881
Retained earnings		70,856	51,880
Proposed dividend for the year		25,000	19,250
Equity		**104,735**	**75,136**
Other provisions	13	17,927	17,054
Provisions		**17,927**	**17,054**
Credit institutions		0	17,223
Lease obligations		295	435
Long-term debt	14	**295**	**17,658**
Credit institutions	14	140,516	220,873
Lease obligations	14	130	119
Trade payables		38,214	11,801
Payables to group enterprises		100,023	62,323
Payables to group enterprises relating to corporation tax		12,249	8,096
Other payables	15	32,620	28,731
Short-term debt		**323,752**	**331,943**
Debt		**324,047**	**349,601**
Liabilities and equity		**446,709**	**441,791**
Contingent assets, liabilities and other financial obligations	16		
Related parties	17		
Accounting Policies	18		

Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	125	3,881	51,880	19,250	75,136
Ordinary dividend paid	0	0	0	-19,250	-19,250
Development costs for the year	0	5,726	-5,726	0	0
Depreciation, amortisation and impairment for the year	0	-853	853	0	0
Net profit/loss for the year	0	0	23,849	25,000	48,849
Equity at 31 December	**125**	**8,754**	**70,856**	**25,000**	**104,735**

Notes to the Financial Statements

		2023	2022
		TDKK	TDKK
1.	**Revenue**		
	Geographical segments		
	EU	1,050,523	1,050,798
	Other world	155,130	112,771
		1,205,653	**1,163,569**
	Revenue by activity		
	Human	1,205,653	1,163,569
		1,205,653	**1,163,569**

		2023	2022
		TDKK	TDKK
2.	**Staff Expenses**		
	Wages and salaries	70,026	54,176
	Pensions	5,033	3,772
	Other social security expenses	1,180	898
	Other staff expenses	2,404	1,759
		78,643	**60,605**
	Including remuneration to the Executive Board and Board of Directors	**4,531**	**3,774**
	Average number of employees	**131**	**110**

		2023	2022
		TDKK	TDKK
3.	**Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment**		
	Amortisation of intangible assets	6,937	7,258
	Depreciation of property, plant and equipment	1,289	1,419
	Gain and loss on disposal	172	2,409
		8,398	**11,086**

Notes to the Financial Statements

4. Financial income

	2023	2022
	TDKK	TDKK
Interest received from group enterprises	4,815	2,107
Exchange adjustments	733	0
	5,548	**2,107**

5. Financial expenses

	2023	2022
	TDKK	TDKK
Interest paid to group enterprises	4,887	2,076
Other financial expenses	13,265	5,773
Exchange adjustments, expenses	0	3,426
	18,152	**11,275**

6. Income tax expense

	2023	2022
	TDKK	TDKK
Current tax for the year	12,249	8,096
Deferred tax for the year	1,668	1,543
Adjustment of tax concerning previous years	7	0
	13,924	**9,639**

7. Profit allocation

	2023	2022
	TDKK	TDKK
Proposed dividend for the year	25,000	19,250
Retained earnings	23,849	14,419
	48,849	**33,669**

8. Intangible fixed assets

	Completed development projects	Acquired licenses
	TDKK	TDKK
Cost at 1 January	6,040	62,425
Additions for the year	7,341	5,717
Disposals for the year	0	-1,105
Cost at 31 December	13,381	67,037
Impairment losses and depreciation at 1 January	1,065	53,801
Depreciation for the year	1,094	5,843
Reversal of impairment and depreciation of sold assets	0	-932
Impairment losses and depreciation at 31 December	2,159	58,712
Carrying amount at 31 December	**11,222**	**8,325**
Amortised over	3-5 years	3 years

Completed development projects

Completed development projects include development and registration of pharmaceutical products for humans. Each product has a 3-5 year depreciation period, starting from when the product is launched in the market. The management has not established any indication for impairment of the current book value of the assets.

Notes to the Financial Statements

9. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improve-ments
	TDKK	TDKK
Cost at 1 January	8,835	4,642
Additions for the year	480	2,573
Disposals for the year	-141	0
Cost at 31 December	9,174	7,215
Impairment losses and depreciation at 1 January	6,565	3,654
Depreciation for the year	712	577
Reversal of impairment and depreciation of sold assets	-31	0
Impairment losses and depreciation at 31 December	7,246	4,231
Carrying amount at 31 December	**1,928**	**2,984**
Amortised over	3-10 years	5 years
Including assets under finance leases amounting to	497	0

10. Inventories

	2023	2022
	TDKK	TDKK
Raw materials and consumables	83,617	73,514
Work in progress	2,559	7,142
Finished goods and goods for resale	66,128	44,653
Prepayments for goods	42,500	49,633
	194,804	**174,942**

11. Deferred tax asset

	2023	2022
	TDKK	TDKK
Deferred tax asset at 1 January	2,251	3,794
Amounts recognised in the income statement for the year	-1,668	-1,543
Deferred tax asset at 31 December	**583**	**2,251**

Deferred tax assets relate to temporary differences on fixed assets. The management expects that these will be realized within a period of 3 - 5 years

Notes to the Financial Statements

12. Prepayments

Prepayments consist of prepaid expenses.

13. Other provisions

	2023 TDKK	2022 TDKK
The recognized provision amounts to kDKK 17,927 (2022: kDKK 17,054) to cover the estimated reimbursement of price reductions to customers and to cover items at customers and profit on goods that probably will be returned according to cooperation agreements. The provision is recognized based on previous experience regarding the extend of these liabilities.		
Other provisions	17,927	17,054
	17,927	**17,054**
The provisions are expected to mature as follows:		
Within 1 year	17,927	17,054
After 5 years	0	0
	17,927	**17,054**

14. 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:

	2023 TDKK	2022 TDKK
Credit institutions		
After 5 years	0	5,000
Between 1 and 5 years	0	12,223
Long-term part	0	17,223
Within 1 year	0	3,580
Other short-term debt to credit institutions	140,516	217,293
	140,516	**238,096**

14. Long-term debt

	2023 TDKK	2022 TDKK
Lease obligations		
After 5 years	0	0
Between 1 and 5 years	295	435
Long-term part	295	435
Within 1 year	130	119
	425	**554**

15. Other payables

The company has entered a currency forward contract to hedge future cashflow in Swedish kroner, totalling kSEK 67,700 for January 2024. Compared to the forward exchange rates the contract hold a negativ value of kDKK 2.508 The hedging does not meet the accounting criterias for hedging and the loss is therefore booked in the income statement under Other payables.

16. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with bankers:

As collateral for bank loans kDKK 139.292, the company has issued af floating company charge at nominal value kDKK 150,000 including the following assets, which on the 31st of december 2023 amounts to kDKK.

	2023 TDKK	2022 TDKK
Trade receivables	156,077	144,395
Inventories	194,804	174,942
Fixture and fittings, tools and equipment (excl. finance leasing)	4,415	5,307
Intangible assets	19,547	13,599

Notes to the Financial Statements

	2023	2022
	TDKK	TDKK

16. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of 2care4 Group ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

17. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
2care4 Group ApS, Esbjerg	Parent Company
Other related parties	
Henrik Bisgaard Jensen, Esbjerg	Member of the Board of Directors
Toke Værndal, Esbjerg	Member of the Board of Directors

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)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
2care4 Group ApS	Stenhuggervej 12, 6710 Esbjerg V.

18. Accounting policies

The Annual Report of 2care4 ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in TDKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of , the Company has not prepared a cash flow statement.

Recognition and measurement

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.

Leases

Leases in terms of which the Company 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 Company.

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

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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

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 revenue for the year.

Other external expenses

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

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

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

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

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.

The Company is jointly taxed with wholly owned Danish subsidiaries. The tax effect of the joint taxation with the subsidiaries is allocated to Danish 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

Development projects

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights and acquired intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, anamount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

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

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but not more than 20 years.

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

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:

Other fixtures and fittings, tools and equipment	3-10 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.

If so, the asset is written down to its lower recoverable amount.

Notes to the Financial Statements

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 with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

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.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets 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 within the same legal tax entity.

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. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Notes to the Financial Statements

Financial liabilities

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

Financial Highlights

Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
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