



UNEEG Medical A/S

Borupvang 2
3450 Allerød
CVR No. 29140774

Annual report 01.10.2022 - 30.09.2023

The Annual General Meeting adopted the annual
report on 15.03.2024

Søren Erik Westermann
Chairman of the General Meeting

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Entity details

Entity

UNEEG Medical A/S

Borupvang 2

3450 Allerød

Business Registration No.: 29140774

Registered office: Allerød

Financial year: 01.10.2022 - 30.09.2023

Board of Directors

Lars Nørgaard

Peter Willems-Alnøe

Søren Erik Westermann

Richard Tøpholm

Henning Kirketerp Beck-Nielsen

Executive Board

Torben Sandgren

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of UNEEG Medical A/S for the financial year 01.10.2022 - 30.09.2023.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2023 and of the results of its operations for the financial year 01.10.2022 - 30.09.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Lynge, 15.03.2024

Executive Board

Torben Sandgren

Board of Directors

Lars Nørgaard

Peter Willems-Alnøe

Søren Erik Westermann

Richard Tøpholm

Henning Kirketerp Beck-Nielsen

Independent auditor's report

To the shareholders of UNEEG Medical A/S

Opinion

We have audited the financial statements of UNEEG Medical A/S for the financial year 01.10.2022 - 30.09.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2023 and of the results of its operations for the financial year 01.10.2022 - 30.09.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

København, 15.03.2024

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Nikolaj Thomsen

State Authorised Public Accountant
Identification No (MNE) mne33276

Kasper Ørtoft

State Authorised Public Accountant
Identification No (MNE) mne49073

Management commentary

Financial highlights

	2022/23	2021/22	2020/21	2019/20	2018/19
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	(52,379)	(45,136)	(30,325)	(32,356)	(12,695)
Operating profit/loss	(165,289)	(135,265)	(95,809)	(79,890)	(38,217)
Net financials	(4,901)	(5,070)	(16,868)	(11,577)	(6,230)
Profit/loss for the year	(140,678)	(111,566)	(88,602)	(68,500)	(34,277)
Total assets	272,548	211,074	165,875	157,579	135,002
Investments in property, plant and equipment	3,053	5,529	4,407	672	701
Equity	38,417	179,054	131,257	(128,141)	(59,641)
Ratios					
Equity ratio (%)	14.10	84.83	79.13	(81.32)	(44.18)

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Total assets

Primary activities

UNEEG medical's main activities consist of development and commercialization of active implantable Class III devices and other EEG-/neurological medical solutions. The company's principal product solution is the UNEEG 24/7 EEG™ SubQ, which was granted the CE-mark in April 2019 and is comprised of an EEG recording device for epilepsy supported by the "UNEEG EpiSight™" seizure counter. The solution allows for continuous EEG monitoring day and night for up to 15 months and offers healthcare professionals objective knowledge of seizure activity. A subcutaneous implantable chip and external recorder, combined with a complete data infrastructure and analytics software, provide automated electrographic seizure detection and annotation at physician's desk.

Development in activities and finances

In 2022/23, UNEEG medical continued the pre-commercialization efforts through scaling of the organization with continued focus on product development of the next generation platform and ensuring compliance with the MDR (EU Medical Device Regulative) as well as conducting clinical trials, and taking further steps with local sales organization in Germany, Austria also covering Switzerland and, in the UK, also supporting Ireland.

UNEEG medical's pilot and pre-commercial efforts resulted in several Swiss insurance scheme cases during 2022/23. Shortly after the end of the financial year, access was furthermore granted to the first German "Krankenkasse" case followed by an additional two in the following months. This positive development supports the clinical and public interest in this therapy and reimbursement in Germany as well as in Switzerland.

A "Challenge Award" grant of GBP 1.8 million (DKK 15-16 million) was awarded by the British National Institute for Health & Care Research (NIHR) Invention for Innovation (i4i) – "The Real-World Testing and Cost-effectiveness Analysis of Subcutaneous EEG" (REAL-ASE). The purpose is to study how the first ever ultra-long term seizure recorder could help improve outcomes and reduce significant risk of harm for the 33% of patients with epilepsy whose condition cannot presently be controlled with medication. The study will take place in London at King's College with support from NHS trial centers in Newcastle, Cardiff, and Manchester.

Further, GBP 100,000 (DKK 0.9 million) was granted by the University of Plymouth and Cornwall Partnership NHS Foundation Trust in the UK. The study will focus on people with epilepsy and suffering from various learning and cognitive disabilities.

In Italy, the public health authorities granted EUR 1 million (DKK 7.5 million) for an outcome trial including more than 40 subjects with epilepsy including adolescents down to 12 years of age performed at the epilepsy specialty units in Rome, Napoli, Modena, and Trieste.

Profit/loss for the year in relation to expected developments

In 2022/23, UNEEG medical reported a gross loss of DKK 52.4 million compared to a gross loss of DKK 45.1 million in 2021/22. Costs related to technology development and MDR (EU Medical Device Regulative) compliance, replacing the present EDD (European Device Directive) entailed a planned cost increase during the year. The ordinary result after tax amounted to a loss of DKK 140.7 million against a loss of DKK 111.6 million in the previous financial year due to significant investments in R&D and commercialization.

The result FY2022/23 was in line with Management's expectations.

Outlook

Based on the above clinical outcome trials and confirmed grants, UNEEG medical is expected to generate total revenue of approximately DKK 7-8 million from supplies of devices and clinical services in financial year 2023/24 and the subsequent financial years subject to timing of completion of the trials. It covers directly and indirectly several clinical tasks, benefiting the company's work towards achieving reimbursement in the specific markets as well as more broadly.

Realizing that the company's de novo offering requires national reimbursement and private insurance scheme listings, we are in the coming years pursuing sales typically through insurance schemes combined with grants and university hospital research funding.

UNEEG medical will continue to invest in quality and regulatory expertise due to significant MDR and FDA-requirements as well as research, development, clinical trials, and commercialization, expecting to generate a net loss of DKK 140-150 million in 2023/24.

The shareholders are committed to continue financing the company.

Research and development activities

UNEEG medical finalized the large-scale next generation solution consisting of hardware and software components and submitted to the notified body end of June 2023 expecting the CE-mark grant during 2024.

To maintain its position at the very forefront of these novel technologies and therapy areas, the company continued its strong focus on R&D capabilities, which include significant clinical and regulatory resources. The costs of DKK 60.1 million were capitalized as development projects against DKK 44.8 million in the previous financial year. The company expects to further increase its investment in outcome studies and clinical documentation in the coming years.

Statutory report on data ethics policy

UNEEG medical abides by all laws and regulations concerning the handling of collected data in a respectful manner. The company has a written policy for IT security, which also secures purchased external data. The company does not have a written policy on data ethics because access to personal data is not comprised in the company's tasks, and commonly acquired data is only used internally within the group.

Events after the balance sheet date

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

Income statement for 2022/23

	Notes	2022/23 DKK'000	2021/22 DKK'000
Gross profit/loss		(52,379)	(45,136)
Staff costs	3	(80,279)	(62,727)
Depreciation, amortisation and impairment losses		(32,631)	(27,402)
Operating profit/loss		(165,289)	(135,265)
Income from investments in group enterprises		(11,202)	(5,012)
Other financial income	4	270	36
Other financial expenses	5	(5,171)	(5,106)
Profit/loss before tax		(181,392)	(145,347)
Tax on profit/loss for the year	6	40,714	33,781
Profit/loss for the year	7	(140,678)	(111,566)

Balance sheet at 30.09.2023

Assets

	Notes	2022/23 DKK'000	2021/22 DKK'000
Completed development projects	9	0	27,933
Acquired intangible assets		300	458
Development projects in progress	9	154,616	94,559
Intangible assets	8	154,916	122,950
Other fixtures and fittings, tools and equipment		7,206	2,197
Leasehold improvements		1,668	2,398
Leased assets		4,981	7,089
Property, plant and equipment in progress		0	4,501
Property, plant and equipment	10	13,855	16,185
Investments in group enterprises		2,353	194
Financial assets	11	2,353	194
Fixed assets		171,124	139,329
Manufactured goods and goods for resale		14,987	11,599
Inventories		14,987	11,599
Trade receivables		2,345	0
Receivables from group enterprises		3,611	339
Deferred tax	12	12,945	7,437
Other receivables		200	2,598
Tax receivable		62,012	42,688
Prepayments	13	1,043	2,016
Receivables		82,156	55,078
Cash		4,281	5,068
Current assets		101,424	71,745
Assets		272,548	211,074

Equity and liabilities

	Notes	2022/23 DKK'000	2021/22 DKK'000
Contributed capital		2,388	2,388
Reserve for development expenditure		120,601	95,544
Retained earnings		(84,572)	81,122
Equity		38,417	179,054
Lease liabilities		3,599	5,843
Payables to group enterprises		194,448	0
Other payables		2,257	2,258
Non-current liabilities other than provisions	14	200,304	8,101
Lease liabilities		2,245	1,883
Trade payables		5,806	5,995
Payables to group enterprises		698	4,069
Other payables		25,078	11,972
Current liabilities other than provisions		33,827	23,919
Liabilities other than provisions		234,131	32,020
Equity and liabilities		272,548	211,074
Going concern	1		
Events after the balance sheet date	2		
Contingent liabilities	15		
Group relations	16		

Statement of changes in equity for 2022/23

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	2,388	95,544	81,122	179,054
Other entries on equity	0	0	41	41
Transfer to reserves	0	25,057	(25,057)	0
Profit/loss for the year	0	0	(140,678)	(140,678)
Equity end of year	2,388	120,601	(84,572)	38,417

Notes

1 Going concern

A letter of support has been issued from the Parent securing the necessary financial support to the Company for the next 12 months.

As a result, the financial statements have been prepared on a going concern basis.

2 Events after the balance sheet date

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

3 Staff costs

	2022/23 DKK'000	2021/22 DKK'000
Wages and salaries	65,727	50,401
Pension costs	8,367	6,277
Other social security costs	799	718
Other staff costs	5,386	5,331
	80,279	62,727
Average number of full-time employees	107	86

In accordance with the Danish Financial Statement Act § 98 b, 3 the remuneration of Management for the current financial statement period has not been disclosed.

4 Other financial income

	2022/23 DKK'000	2021/22 DKK'000
Financial income from group enterprises	42	0
Other interest income	99	36
Exchange rate adjustments	129	0
	270	36

5 Other financial expenses

	2022/23 DKK'000	2021/22 DKK'000
Financial expenses from group enterprises	4,563	4,286
Other interest expenses	608	707
Exchange rate adjustments	0	113
	5,171	5,106

6 Tax on profit/loss for the year

	2022/23 DKK'000	2021/22 DKK'000
Current tax	(35,206)	(26,806)
Change in deferred tax	(5,508)	11,395
Refund in joint taxation arrangement	0	(18,370)
	(40,714)	(33,781)

7 Proposed distribution of profit and loss

	2022/23 DKK'000	2021/22 DKK'000
Retained earnings	(140,678)	(111,566)
	(140,678)	(111,566)

8 Intangible assets

	Completed development projects DKK'000	Acquired intangible assets DKK'000	Development projects in progress DKK'000
Cost beginning of year	86,129	3,845	94,559
Additions	0	0	60,057
Cost end of year	86,129	3,845	154,616
Amortisation and impairment losses beginning of year	(58,196)	(3,387)	0
Amortisation for the year	(27,933)	(158)	0
Amortisation and impairment losses end of year	(86,129)	(3,545)	0
Carrying amount end of year	0	300	154,616

9 Development projects

Development projects relate to the development of products for monitoring of Epilepsy patients.

The costs of the development projects comprise salaries, external consultant costs and other external costs that are directly and indirectly attributable to the development projects. The recognition of development costs is based on the actual progress of the projects, measured based on internal time registrations and achieved milestones. The development projects are progressing as planned.

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000	Leased assets DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	3,006	3,119	9,644	4,501
Transfers	3,726	0	0	(3,726)
Additions	2,998	55	0	0
Disposals	0	(70)	0	(775)
Cost end of year	9,730	3,104	9,644	0
Depreciation and impairment losses beginning of year	(809)	(721)	(2,555)	0
Depreciation for the year	(1,715)	(715)	(2,108)	0
Depreciation and impairment losses end of year	(2,524)	(1,436)	(4,663)	0
Carrying amount end of year	7,206	1,668	4,981	0

11 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	567
Exchange rate adjustments	60
Additions	15,671
Cost end of year	16,298
Impairment losses beginning of year	(373)
Share of profit/loss for the year	(11,203)
Investments with negative equity value depreciated over receivables	(2,450)
Fair value adjustments	(8)
Other adjustments	89
Impairment losses end of year	(13,945)
Carrying amount end of year	2,353

Investments in subsidiaries	Registered in	Equity interest %
UNEEG Medical DE GmbH	Germany	100.00
UNEEG Medical US Inc	USA	100.00
UNEEG Medical UK Ltd.	England	100.00
UNEEG AT GmbH	Austria	100.00

12 Deferred tax

	2022/23 DKK'000	2021/22 DKK'000
Intangible assets	8,173	3,263
Property, plant and equipment	(260)	(388)
Financial assets	190	140
Tax losses carried forward	4,842	4,422
Deferred tax	12,945	7,437

	2022/23 DKK'000	2021/22 DKK'000
Changes during the year		
Beginning of year	7,437	(3,959)
Recognised in the income statement	5,508	11,396
End of year	12,945	7,437

Deferred tax assets

Deferred tax assets is recognized based on tax loss carry forward, which can be utilized within the Danish Joint Taxation with T&W Medical A/S.

13 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

14 Non-current liabilities other than provisions

	Due after more than 12 months 2022/23 DKK'000
Lease liabilities	3,599
Payables to group enterprises	194,448
Other payables	2,257
	200,304

15 Contingent liabilities

The Company participates in a Danish joint taxation arrangement where T&W Medical A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore secondarily liable for income taxes etc for the jointly taxed entities, which is limited to the equity interest by which the entity participates in the Group, as well as for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

16 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
T&W Medical A/S, Nymøllevej 6, 3450 Lyngø

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer.

Other operating income

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

Cost of sales

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

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for distribution, premises and administration

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Intellectual property rights etc**

Intellectual property rights etc comprise 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, an amount 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 costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced

as the development projects are amortised and written down.

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

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 3-5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are mortised over their remaining duration, and licences are amortised over the term of the agreement.

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

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets.

	Useful life
Other fixtures and fittings, tools and equipment	3 - 5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the

reserve for net revaluation according to the equity method in equity. Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value. Cost consists of purchase price plus delivery costs. Cost of manufactured goods consists of costs of raw materials. The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Tax payable or receivable

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

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

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

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, the Entity has prepared no cash flow statement as such statement is included in the consolidated cash flow statement of T&W Medical A/S, Business Reg. No. 28511809.