



## UNEEG Medical A/S

Borupvang 2  
3450 Allerød  
CVR No. 29140774

## Annual report 01.10.2021 - 30.09.2022

The Annual General Meeting adopted the  
annual report on 03.03.2023

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**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: 01.10.2021 - 30.09.2022

## Board of Directors

Lars Nørgaard

Philip Just Larsen

Henning Beck-Nielsen

Peter Willems-Alnøe

Søren Erik Westermann

Richard Tøpholm

## 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 01.10.2021 - 30.09.2022.

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 30.09.2022 and of the results of its operations for the financial year 01.10.2021 - 30.09.2022.

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, 03.03.2023

## Executive Board

**Torben Sandgren**

## Board of Directors

**Lars Nørgaard**

**Philip Just Larsen**

**Henning Beck-Nielsen**

**Peter Willems-Alnøe**

**Søren Erik Westermann**

**Richard Tøpholm**

# 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 01.10.2021 - 30.09.2022, 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 30.09.2022 and of the results of its operations for the financial year 01.10.2021 - 30.09.2022 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.

Copenhagen, 03.03.2023

**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

	2021/22 DKK'000	2020/21 DKK'000	2019/20 DKK'000	2018/19 DKK'000	2017/18 DKK'000
<b>Key figures</b>					
Gross profit/loss	(45,136)	(30,325)	(32,356)	(12,695)	(3,672)
Operating profit/loss	(135,265)	(95,809)	(79,890)	(38,217)	(6,884)
Net financials	(5,070)	(16,868)	(11,577)	(6,230)	(2,108)
Profit/loss for the year	(111,566)	(88,602)	(68,500)	(34,277)	(7,016)
Total assets	211,074	165,875	157,579	135,002	32,025
Investments in property, plant and equipment	5,529	4,407	672	701	0
Equity	179,054	131,257	(128,141)	(59,641)	(25,364)
<b>Ratios</b>					
Equity ratio (%)	84.83	79.13	(81.32)	(44.18)	(79.20)

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

### Equity ratio (%):

Equity \* 100

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 implant and external recorder, combined with a complete data infrastructure and analytics software, provide automated electrographic seizure detection.

### Development in activities and finances

In 2021/22, UNEEG™ medical expanded the staff of skilled employees with 20 to strengthen the R&D and commercial teams in Denmark and EU driving the positive development. At the end of the financial year, the company had 101 employees.

UNEEG™ medical continued the pre-commercialization efforts through scaling of the organization, continued Investments in R&D, conducting clinical trials, and taking further steps with own sales organization in the markets Germany, Austria/Switzerland additionally to our UK subsidiary.

The first half year of 2021/22 was complicated due to COVID-19 with pan-European lockdowns as well as a somewhat more challenged access environment related to US hospitals. Despite this, we succeeded in continuing our clinical trial at two sites in USA and several clinical trials and tests in Europe. As mentioned in the Annual Report for 2020/21, we were aware of a significant grant en route. This related to the UK where GBP 18 million has been granted for a project in cooperation with NIHR and King's College London just to mention a few.

End of January 2022, UNEEG™ medical was granted access to the NUB reimbursement program (Neue Untersuchungs und Behandlungsmethoden) by the German Health Authorities, enabling a significant number of expert epilepsy hospitals to work with states' health insurance to introduce this novel solution to relevant epilepsy patients. Further, we have received the OPS code (Operationen- und Prozedurenschlüssel) effective as of January 2023. This OPS code is written down in the official German DRG catalogue directly supporting the surgical procedure related to the UNEEG brain chip implantation.

### Profit/loss for the year in relation to expected developments

In 2021/22, UNEEG™ medical reported a gross loss of DKK 45.1 million compared to a gross loss of DKK 30.3 million in 2020/21 as costs related to technology development increased as planned during the year. The ordinary result after tax amounted to a loss of DKK 111.6 million against a loss of DKK 88.6 million in the previous financial year due to significant investments in R&D and commercialization.

The result was in line with Management's expectations. UNEEG™ medical entered into a financing agreement with the company's shareholders for the conversion of DKK 159.3 million in debt to equity with a view to support the company's development activities and future growth. The shareholders are committed to continue financing the company.

### Outlook

UNEEG™ medical will continue to invest in research, development, clinical trials, organizational expansion and commercialization, expecting to generate a loss before tax of DKK 125-150 million in 2022/23.

Realizing that our offering requires national reimbursement and private insurance scheme listings, we are in the coming years pursuing sales typically through grants and university hospital research funding. Focus is also

directed at geographies in Europe where reimbursement schemes embrace innovation. Clinical validation of the UNEEG 24/7 EEG™ SubQ and our UNEEG EpiSight™ Analyzer is ongoing, both within epilepsy as well as other therapy areas within the broader EEG spectrum.

### **Research and development activities**

To maintain its position at the very forefront of these novel technologies and therapy areas, the company continued to strengthen its R&D department during the financial year. In 2021/22, R&D costs of DKK 44.8 million were capitalized as development projects against DKK 26.0 million in the previous financial year. The company expects to further increase its investment in R&D in the coming years.

### **Events after the balance sheet date**

In the first quarter of 2022/23, we received information about an Italian grant of EUR 1 million supporting a multi-center study in Rome, Napoli, Trieste, and Modena with focus on a broader population of people with epilepsy.

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 2021/22

	Notes	2021/22 DKK'000	2020/21 DKK'000
<b>Gross profit/loss</b>		<b>(45,136)</b>	<b>(30,325)</b>
Staff costs	2	(62,727)	(47,288)
Depreciation, amortisation and impairment losses		(27,402)	(18,196)
<b>Operating profit/loss</b>		<b>(135,265)</b>	<b>(95,809)</b>
Income from investments in group enterprises		(5,012)	(109)
Other financial income	3	36	0
Other financial expenses	4	(5,106)	(16,868)
<b>Profit/loss before tax</b>		<b>(145,347)</b>	<b>(112,786)</b>
Tax on profit/loss for the year	5	33,781	24,184
<b>Profit/loss for the year</b>	6	<b>(111,566)</b>	<b>(88,602)</b>

# Balance sheet at 30.09.2022

## Assets

	Notes	2021/22 DKK'000	2020/21 DKK'000
Completed development projects	8	27,933	51,677
Acquired intangible assets		458	831
Development projects in progress	8	94,559	49,797
<b>Intangible assets</b>	7	<b>122,950</b>	<b>102,305</b>
Other fixtures and fittings, tools and equipment		2,197	2,331
Leasehold improvements		2,398	0
Leased assets		7,089	9,298
Property, plant and equipment in progress		4,501	3,083
<b>Property, plant and equipment</b>	9	<b>16,185</b>	<b>14,712</b>
Investments in group enterprises		194	398
Deferred tax	11	7,437	0
<b>Financial assets</b>	10	<b>7,631</b>	<b>398</b>
<b>Fixed assets</b>		<b>146,766</b>	<b>117,415</b>
Manufactured goods and goods for resale		11,599	6,351
<b>Inventories</b>		<b>11,599</b>	<b>6,351</b>
Trade receivables		0	638
Receivables from group enterprises		339	225
Other receivables		2,598	2,826
Tax receivable		42,688	31,426
Prepayments	12	2,016	1,808
<b>Receivables</b>		<b>47,641</b>	<b>36,923</b>
<b>Cash</b>		<b>5,068</b>	<b>5,186</b>
<b>Current assets</b>		<b>64,308</b>	<b>48,460</b>
<b>Assets</b>		<b>211,074</b>	<b>165,875</b>

**Equity and liabilities**

	Notes	2021/22 DKK'000	2020/21 DKK'000
Contributed capital		2,388	2,388
Reserve for development expenditure		95,544	79,150
Retained earnings		81,122	49,719
<b>Equity</b>		<b>179,054</b>	<b>131,257</b>
Deferred tax	11	0	3,959
<b>Provisions</b>		<b>0</b>	<b>3,959</b>
Lease liabilities		5,843	7,723
Payables to group enterprises		0	81
Other payables		2,258	3,169
<b>Non-current liabilities other than provisions</b>	13	<b>8,101</b>	<b>10,973</b>
Lease liabilities		1,883	1,643
Trade payables		5,995	6,205
Payables to group enterprises		4,069	1,243
Other payables		11,972	10,595
<b>Current liabilities other than provisions</b>		<b>23,919</b>	<b>19,686</b>
<b>Liabilities other than provisions</b>		<b>32,020</b>	<b>30,659</b>
<b>Equity and liabilities</b>		<b>211,074</b>	<b>165,875</b>
Going concern	1		
Contingent liabilities	14		
Group relations	15		

# Statement of changes in equity for 2021/22

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	2,388	79,150	49,719	131,257
Capital increase by debt conversion	0	0	159,287	159,287
Other entries on equity	0	0	76	76
Transfer to reserves	0	16,394	(16,394)	0
Profit/loss for the year	0	0	(111,566)	(111,566)
<b>Equity end of year</b>	<b>2,388</b>	<b>95,544</b>	<b>81,122</b>	<b>179,054</b>

# 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 Staff costs

	2021/22 DKK'000	2020/21 DKK'000
Wages and salaries	50,401	40,149
Pension costs	6,277	4,511
Other social security costs	718	411
Other staff costs	5,331	2,217
	<b>62,727</b>	<b>47,288</b>
Average number of full-time employees	<b>86</b>	<b>66</b>

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. No remuneration is paid to the Board of Directors.

## 3 Other financial income

	2021/22 DKK'000	2020/21 DKK'000
Other interest income	36	0
	<b>36</b>	<b>0</b>

## 4 Other financial expenses

	2021/22 DKK'000	2020/21 DKK'000
Financial expenses from group enterprises	4,286	16,581
Other interest expenses	707	287
Exchange rate adjustments	113	0
	<b>5,106</b>	<b>16,868</b>

## 5 Tax on profit/loss for the year

	2021/22 DKK'000	2020/21 DKK'000
Current tax	(26,806)	(18,962)
Change in deferred tax	11,395	(16,570)
Refund in joint taxation arrangement	(18,370)	11,348
	<b>(33,781)</b>	<b>(24,184)</b>

## 6 Proposed distribution of profit and loss

	2021/22 DKK'000	2020/21 DKK'000
Retained earnings	(111,566)	(88,602)
	<b>(111,566)</b>	<b>(88,602)</b>

## 7 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	49,797
Additions	0	0	44,762
<b>Cost end of year</b>	<b>86,129</b>	<b>3,845</b>	<b>94,559</b>
Amortisation and impairment losses beginning of year	(34,452)	(3,014)	0
Impairment losses for the year	(6,518)	0	0
Amortisation for the year	(17,226)	(373)	0
<b>Amortisation and impairment losses end of year</b>	<b>(58,196)</b>	<b>(3,387)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>27,933</b>	<b>458</b>	<b>94,559</b>

## 8 Development projects

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



## 9 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	2,785	0	9,644	2,312
Transfers	(1,535)	2,313	0	(778)
Additions	1,756	806	0	2,967
<b>Cost end of year</b>	<b>3,006</b>	<b>3,119</b>	<b>9,644</b>	<b>4,501</b>
Depreciation and impairment losses beginning of year	(454)	0	(346)	0
Depreciation for the year	(355)	(721)	(2,209)	0
<b>Depreciation and impairment losses end of year</b>	<b>(809)</b>	<b>(721)</b>	<b>(2,555)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>2,197</b>	<b>2,398</b>	<b>7,089</b>	<b>4,501</b>

## 10 Financial assets

	Investments in group enterprises DKK'000	Deferred tax DKK'000
Cost beginning of year	507	0
Additions	60	7,437
<b>Cost end of year</b>	<b>567</b>	<b>7,437</b>
Impairment losses beginning of year	(109)	0
Share of profit/loss for the year	(264)	0
<b>Impairment losses end of year</b>	<b>(373)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>194</b>	<b>7,437</b>

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

## 11 Deferred tax

	2021/22 DKK'000	2020/21 DKK'000
Intangible assets	3,263	(3,886)
Property, plant and equipment	(388)	(88)
Financial assets	140	15
Tax losses carried forward	4,422	0
<b>Deferred tax</b>	<b>7,437</b>	<b>(3,959)</b>

	2021/22 DKK'000	2020/21 DKK'000
<b>Changes during the year</b>		
Beginning of year	(3,959)	(20,529)
Recognised in the income statement	11,396	16,570
<b>End of year</b>	<b>7,437</b>	<b>(3,959)</b>

### 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.

## 12 Prepayments

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

## 13 Non-current liabilities other than provisions

	Due after more than 12 months 2021/22 DKK'000
Lease liabilities	5,843
Other payables	2,258
	<b>8,101</b>

## 14 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.

**15 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 Lynge

# 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 ordinary 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.

	<b>Useful life</b>
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.

**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.

**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

**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.