
Egern Holding ApS

Egernvej 3, DK-3600 Frederikssund

Annual Report for 2022

CVR No. 31 25 69 41

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 16/6 2023

Jan Ranners
Chairman of the
general meeting



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Management's statement

The Executive Board has today considered and adopted the Consolidated Financial Statements and Parent Company Financial Statements of Egern Holding ApS for the financial year 1 January - 31 December 2022.

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

In my opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022.

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

I recommend that the Consolidated Financial Statements and Parent Company Financial Statements be adopted at the Annual General Meeting.

Frederikssund, 16 June 2023

Executive Board

Lars Vinther

Independent Auditor's report

To the shareholder of Egern Holding ApS

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Egern Holding ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 to the Financial Statements describing the material uncertainty pertaining to the value of other receivables under fixed assets.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

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

Independent Auditor's report

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent Auditor's report

Ringsted, 16 June 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Martin Langhoff Hansen
State Authorised Public Accountant
mne36027

Nikolaj Frausing Borch
State Authorised Public Accountant
mne44062

Company information

The Company

Egern Holding ApS
Egernvej 3
DK-3600 Frederikssund

CVR No: 31 25 69 41

Financial period: 1 January - 31 December

Financial year: 15th financial year

Municipality of reg. office: Frederikssund

Executive board

Lars Vinther

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Eventyrvej 16
4100 Ringsted

Group Chart

Company	Residence	Ownership
Egern Holding ApS	Denmark	
Mermaid Medical A/S Nom. DKK 2.100.000	Denmark	94,2%
Mermaid Medical Ltd. Nom. GBP 10.000	UK	100%
Mermaid Medical BV Nom. EUR 3.500	The Netherlands	70%
Mermaid Medical Iberia S.L. Nom. EUR 3.600	Spain	90%
Mermaid Medical Italia S.R.L. Nom. EUR 10.000	Italy	70%
Høj Elitehåndbold ApS Nom. DKK 360.000	Denmark	33,3%

Financial Highlights

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

	Group				
	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Profit/loss of ordinary primary operations	10,467	23,146	10,303	5,671	10,855
Profit/loss before financial income and expenses	10,467	23,036	10,233	5,671	10,855
Profit/loss of financial income and expenses	-729	-271	-724	-38	428
Net profit/loss	7,475	17,852	7,601	4,317	8,772
Balance sheet					
Balance sheet total	162,617	131,746	108,936	103,322	79,115
Investment in property, plant and equipment	1,932	-1,029	-368	-2,087	-1,112
Equity	77,410	73,747	55,730	48,087	43,866
Cash flows					
Cash flows from:					
- operating activities	232	18,691	23,424	-3,299	11,033
- investing activities	-6,610	-11,113	-11,951	-5,308	-10,450
- financing activities	-6,627	-69	-2,868	9,848	1,851
Change in cash and cash equivalents for the year	-13,005	7,509	8,604	1,241	2,434
Number of employees	56	51	47	46	34
Ratios					
Return on assets	6.4%	17.5%	9.4%	5.5%	13.7%
Solvency ratio	47.6%	56.0%	51.2%	46.5%	55.4%
Return on equity	9.9%	27.6%	14.6%	9.4%	28.8%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's review

Key activities

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

Development in the year

The income statement of the Group for 2022 shows a profit of DKK 7,474,840, and at 31 December 2022 the balance sheet of the Group shows positive equity of DKK 77,410,094.

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

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

However, the marketing have been made difficult due to the fact that the Health sector in general, on all the markets in which the Group operates, have down-prioritised the Groups product portfolio to be able to focus on handling the COVID-pandemic.

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

The past year and follow-up on development expectations from last year

In spite of the above, the Group have managed to significantly increase its revenue. Compared to 2021 the result is materially lower. There are multiple reasons for this, but most importantly is the increase in purchase prices in general, where it has not been possible to change the sales prices to similar levels.

Management is aware that the Group's development and its satisfying result is due to the dedicated effort from all the Group's employees in both sales, administration regulatory and the quality department.

Foreign exchange risks

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

Targets and expectations for the year ahead

The Group's strategy is still to create a correlation as a percentage between revenue and operating profit, and the Group is making significant efforts to continually develop the competencies of its employees, so that the health sector in different countries can be services as best as possible.

Based on this, it is Management's expectation that the result for 2023 vil be improved compared to the result achieved in 2022. The expectation is that profit before tax will be in the range of DKK 15-18 million.

Research and development

The Group has incurred development costs on total DKK 3,738,828 in the financial year.

External environment

The Group is, of course, invested in ensuring the most environmentally friendly production both internally and with external suppliers, which is why work is being put into ensuring a ISO 14001 environment certification during 2023.

Intellectual capital resources

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

Management's review

Uncertainty relating to recognition and measurement

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

Subsequent events

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

Income statement 1 January - 31 December

	Note	Group		Parent company	
		2022	2021	2022	2021
		DKK	DKK	DKK	DKK
Gross profit		48,067,224	50,050,826	-905,293	-1,555,501
Staff expenses	2	-34,391,998	-25,906,793	0	0
Earnings Before Interest Taxes Depreciation and Amortization		13,675,226	24,144,033	-905,293	-1,555,501
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-3,208,325	-997,585	-2,494,037	-386,654
Other operating expenses		0	-110,000	0	0
Profit/loss before financial income and expenses		10,466,901	23,036,448	-3,399,330	-1,942,155
Income from investments in subsidiaries		0	0	9,643,334	17,210,364
Financial income	4	799,514	1,221,045	672,018	867,993
Financial expenses	5	-1,529,007	-1,492,302	-1,131,132	-1,165,996
Profit/loss before tax		9,737,408	22,765,191	5,784,890	14,970,206
Tax on profit/loss for the year	6	-2,262,568	-4,913,231	848,858	492,835
Net profit/loss for the year	7	7,474,840	17,851,960	6,633,748	15,463,041

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2022	2021	2022	2021
		DKK	DKK	DKK	DKK
Completed development projects		23,725,644	25,843,094	23,725,644	25,843,094
Acquired licenses		610,534	862,660	0	0
Goodwill		913,604	678,347	423,967	678,347
Development projects in progress		3,738,828	0	3,738,828	0
Intangible assets	8	28,988,610	27,384,101	27,888,439	26,521,441
Plant and machinery		733,251	1,874,330	733,251	1,874,330
Other fixtures and fittings, tools and equipment		1,986,147	453,293	0	0
Leasehold improvements		273,923	261,479	0	0
Property, plant and equipment	9	2,993,321	2,589,102	733,251	1,874,330
Investments in subsidiaries	10	0	0	50,035,943	49,133,207
Investments in associates	11	300,000	300,000	300,000	300,000
Other investments	12	0	0	0	0
Other receivables	12	38,387,779	35,064,722	13,945,857	17,000,848
Fixed asset investments		38,687,779	35,364,722	64,281,800	66,434,055
Fixed assets		70,669,710	65,337,925	92,903,490	94,829,826
Inventories	13	53,567,820	23,475,176	0	533,250

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2022	2021	2022	2021
		DKK	DKK	DKK	DKK
Trade receivables		25,396,286	18,682,425	113,631	52,174
Receivables from group enterprises		0	0	5,259,112	682,253
Other receivables		2,692,164	1,093,620	1,478,445	257,785
Corporation tax		20	0	0	0
Corporation tax receivable from group enterprises		0	0	897,307	3,472,721
Prepayments	14	1,672,916	1,533,387	0	0
Receivables		29,761,386	21,309,432	7,748,495	4,464,933
Cash at bank and in hand		8,618,084	21,623,378	116,075	234,453
Current assets		91,947,290	66,407,986	7,864,570	5,232,636
Assets		162,617,000	131,745,911	100,768,060	100,062,462

Balance sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2022	2021	2022	2021
		DKK	DKK	DKK	DKK
Share capital		125,000	125,000	125,000	125,000
Reserve for net revaluation under the equity method		0	0	47,664,905	44,706,365
Reserve for development costs		21,422,295	20,157,619	21,422,295	20,157,619
Reserve for exchange rate conversion		-66,832	196,069	0	0
Retained earnings		52,290,401	46,769,773	4,558,663	2,411,032
Proposed dividend for the year		0	57,000	0	57,000
Equity attributable to shareholders of the Parent Company		73,770,864	67,305,461	73,770,863	67,457,016
Minority interests		3,639,230	6,441,070	0	0
Equity		77,410,094	73,746,531	73,770,863	67,457,016
Provision for deferred tax	15	4,449,350	4,213,067	4,467,188	4,418,759
Provisions relating to investments in group enterprises		0	0	415,483	0
Provisions		4,449,350	4,213,067	4,882,671	4,418,759
Credit institutions		8,026,777	9,987,926	8,026,777	9,987,926
Other payables		5,151,724	5,946,734	3,749,100	3,764,766
Long-term debt	16	13,178,501	15,934,660	11,775,877	13,752,692

Balance sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2022	2021	2022	2021
		DKK	DKK	DKK	DKK
Credit institutions	16	10,579,120	10,129,849	6,007,517	6,079,472
Lease obligations	16	1,259,000	0	0	0
Trade payables		42,544,717	15,084,297	893,860	544,278
Payables to group enterprises		0	0	0	3,341,016
Payables to associates		75,000	175,000	75,000	175,000
Payables to owners and Management		475,668	512,240	408,612	512,240
Corporation tax		1,593,390	1,034,961	0	0
Other payables	16	11,052,160	10,915,306	2,953,660	3,781,989
Short-term debt		67,579,055	37,851,653	10,338,649	14,433,995
Debt		80,757,556	53,786,313	22,114,526	28,186,687
Liabilities and equity		162,617,000	131,745,911	100,768,060	100,062,462
Uncertainty relating to recognition and measurement	1				
Contingent assets, liabilities and other financial obligations	19				
Related parties	20				
Accounting Policies	21				

Statement of changes in equity

Group

	Share capital	Reserve for development costs	Reserve for exchange rate conversion	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	125,000	20,157,619	196,069	46,769,774	57,000	67,305,462	6,441,069	73,746,531
Exchange adjustments	0	0	-262,901	0	0	-262,901	19,034	-243,867
Ordinary dividend paid	0	0	0	0	-57,000	-57,000	0	-57,000
Extraordinary dividend paid	0	0	0	0	0	0	-2,898,304	-2,898,304
Other equity movements	0	0	0	151,555	0	151,555	-763,760	-612,205
Development costs for the year	0	2,916,287	0	-2,916,287	0	0	0	0
Depreciation, amortisation and impairment for the year	0	-1,651,611	0	1,651,611	0	0	0	0
Net profit/loss for the year	0	0	0	6,633,748	0	6,633,748	841,191	7,474,939
Equity at 31 December	125,000	21,422,295	-66,832	52,290,401	0	73,770,864	3,639,230	77,410,094

Parent company

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	125,000	44,706,365	20,157,619	2,411,032	57,000	67,457,016	0	67,457,016
Exchange adjustments	0	-262,901	0	0	0	-262,901	0	-262,901
Ordinary dividend paid	0	0	0	0	-57,000	-57,000	0	-57,000
Development costs for the year	0	0	2,916,287	-2,916,287	0	0	0	0
Depreciation, amortisation and impairment for the year	0	0	-1,651,611	1,651,611	0	0	0	0
Net profit/loss for the year	0	3,221,441	0	3,412,307	0	6,633,748	0	6,633,748
Equity at 31 December	125,000	47,664,905	21,422,295	4,558,663	0	73,770,863	0	73,770,863

Cash flow statement 1 January - 31 December

	Note	Group	
		2022 DKK	2021 DKK
Result of the year		7,474,840	17,851,960
Adjustments	17	6,005,034	6,275,800
Change in working capital	18	-11,050,932	-3,307,756
Cash flow from operations before financial items		2,428,942	20,820,004
Financial income		799,514	1,221,045
Financial expenses		-1,529,007	-1,492,303
Cash flows from ordinary activities		1,699,449	20,548,746
Corporation tax paid		-1,467,876	-1,857,722
Cash flows from operating activities		231,573	18,691,024
Purchase of intangible assets		-3,696,363	-8,674,036
Purchase of property, plant and equipment		-672,905	-1,029,377
Fixed asset investments made etc		-7,020,652	-5,468,880
Sale of property, plant and equipment		1,082,438	0
Sale of fixed asset investments made etc		3,697,595	4,059,193
Cash flows from investing activities		-6,609,887	-11,113,100
Repayment of loans from credit institutions		-1,511,878	2,540,664
Repayment of payables to associates		-100,000	0
Repayment of other long-term debt		-727,954	-2,608,330
Other equity entries		-111,247	-151,555
Dividend paid		-57,000	0
Minority interests		-4,118,901	150,290
Cash flows from financing activities		-6,626,980	-68,931
Change in cash and cash equivalents		-13,005,294	7,508,993
Cash and cash equivalents at 1 January		21,623,378	14,114,385
Cash and cash equivalents at 31 December		8,618,084	21,623,378
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		8,618,084	21,623,378
Cash and cash equivalents at 31 December		8,618,084	21,623,378

Notes to the Financial Statements

1. Uncertainty relating to recognition and measurement

The Group has capitalized development costs with a total book value of DKK 27,464k at 31 December 2022 (Parent: DKK 27,464k). Of these, DKK 3,739k relate to development projects in progress, which consists of medical products currently under development. The work on these products are progressing as planned and they are expected to be ready for the market in 2024. Completed development projects relate to products aimed at the medical industry and the American market. The product have been finished and approved for sale in the USA. Approval for sale in Europe is expected during 2023. Initial performance of the product in the USA has been positive and above initial expectations and since the initial release in 2021 the positive sales development has continued. Based on this, it is Management's assessment that the book value of the completed development projects is not impaired at 31 December 2022, however, as the value of the projects is dependent on continued strong sales in the years to come as well as an approval for sale in Europe during 2023, some uncertainty does exist in regards to the measurement. Similar, for development projects in progress, there is a risk that these will, due to unforeseen circumstances or other events, not be brought to market as planned. Management currently has strong belief that the products will be brought to market during 2024 as planned, and as mentioned, development is progressing as planned. However, some uncertainty will naturally exist in this regard.

Other receivables under fixed assets include a receivable of DKK 38,388k (Parent: DKK 13,946) to which there is an uncertainty relating to the debtors ability to repay the receivable. The receivable has financed the start of the American activities. As mentioned above, the product has now been finished and been introduced to the American market. However, material uncertainty is assessed relating to the valuation of these receivables as well as to when the American Company is able to repay the loan. However, on the basis of the plans made for the American activities, and the initial performance in the American Company, Management expects that the American Company within a few years will be able to continuously reduce the receivable. There is therefore, as mentioned, material uncertainty relating to the valuation of the receivable. Management expects that the loan will be repaid and has therefore not found a need to write down the receivable on this basis.

Group		Parent company	
2022	2021	2022	2021
DKK	DKK	DKK	DKK

2. Staff Expenses

Wages and salaries	31,590,379	23,665,452	0	0
Pensions	2,292,140	1,798,544	0	0
Other social security expenses	509,479	442,797	0	0
	34,391,998	25,906,793	0	0

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

Average number of employees	56	51	0	0
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Notes to the Financial Statements

	Group		Parent company	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment				
Amortisation of intangible assets	2,732,927	602,323	2,371,830	386,654
Depreciation of property, plant and equipment	475,398	395,262	122,207	0
	3,208,325	997,585	2,494,037	386,654

	Group		Parent company	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
4. Financial income				
Interest received from group enterprises	0	0	0	1,968
Other financial income	774,094	1,099,069	646,598	744,049
Exchange gains	25,420	121,976	25,420	121,976
	799,514	1,221,045	672,018	867,993

	Group		Parent company	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
5. Financial expenses				
Other financial expenses	1,411,193	1,258,538	1,013,318	932,232
Exchange loss	117,814	233,764	117,814	233,764
	1,529,007	1,492,302	1,131,132	1,165,996

Notes to the Financial Statements

	Group		Parent company	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
6. Income tax expense				
Current tax for the year	1,796,575	1,844,173	-897,287	-3,472,711
Deferred tax for the year	236,283	3,105,317	48,429	2,979,876
Adjustment of tax concerning previous years	229,710	-36,259	0	0
	2,262,568	4,913,231	-848,858	-492,835

	Group		Parent company	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
7. Profit allocation				
Proposed dividend for the year	0	57,000	0	57,000
Reserve for net revaluation under the equity method	0	0	3,221,441	17,197,648
Minority interests' share of net profit/loss of subsidiaries	841,092	2,388,919	0	0
Retained earnings	6,633,748	15,406,041	3,412,307	-1,791,607
	7,474,840	17,851,960	6,633,748	15,463,041

Notes to the Financial Statements

8. Intangible fixed assets

Group

	Completed development projects	Acquired licenses	Goodwill	Development projects in prog- ress
	DKK	DKK	DKK	DKK
Cost at 1 January	25,843,094	2,171,038	1,271,900	0
Exchange adjustment	0	-42,465	0	0
Additions for the year	0	0	489,637	3,738,828
Cost at 31 December	25,843,094	2,128,573	1,761,537	3,738,828
Impairment losses and amortisation at 1 January	0	1,308,378	593,553	0
Amortisation for the year	2,117,450	209,661	254,380	0
Impairment losses and amortisation at 31 December	2,117,450	1,518,039	847,933	0
Carrying amount at 31 December	23,725,644	610,534	913,604	3,738,828
Amortised over	7 years	5 years	5 years	

Parent company

	Completed development projects	Acquired licenses	Goodwill	Development projects in prog- ress
	DKK	DKK	DKK	DKK
Cost at 1 January	25,843,094	661,370	1,271,900	0
Additions for the year	0	0	0	3,738,828
Cost at 31 December	25,843,094	661,370	1,271,900	3,738,828
Impairment losses and amortisation at 1 January	0	661,370	593,553	0
Amortisation for the year	2,117,450	0	254,380	0
Impairment losses and amortisation at 31 December	2,117,450	661,370	847,933	0
Carrying amount at 31 December	23,725,644	0	423,967	3,738,828
Amortised over	7 years	5 years	5 years	

Notes to the Financial Statements

At year-end there is an ongoing development project with multiple partners. The project was initiated in 2016. Some revenue has been realized in 2022 but significant growth is expected in 2023.

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

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

9. Property, plant and equipment

Group

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK	DKK
Cost at 1 January	1,874,330	2,131,770	1,221,678
Additions for the year	63,566	1,772,852	95,487
Disposals for the year	-1,082,438	0	0
Cost at 31 December	<u>855,458</u>	<u>3,904,622</u>	<u>1,317,165</u>
Impairment losses and depreciation at 1 January	0	1,648,326	960,199
Depreciation for the year	122,207	270,149	83,043
Impairment losses and depreciation at 31 December	<u>122,207</u>	<u>1,918,475</u>	<u>1,043,242</u>
Carrying amount at 31 December	<u>733,251</u>	<u>1,986,147</u>	<u>273,923</u>
Amortised over	<u>10-15 years</u>	<u>3-8 years</u>	<u>5 years</u>

Notes to the Financial Statements

Parent company

	Plant and machinery
	DKK
Cost at 1 January	1,874,330
Additions for the year	63,566
Disposals for the year	<u>-1,082,438</u>
Cost at 31 December	<u>855,458</u>
Impairment losses and depreciation at 1 January	0
Depreciation for the year	<u>122,207</u>
Impairment losses and depreciation at 31 December	<u>122,207</u>
Carrying amount at 31 December	<u>733,251</u>
Amortised over	<u>10-15 years</u>

Notes to the Financial Statements

	<u>Parent company</u>	
	2022	2021
	DKK	DKK
10. Investments in subsidiaries		
Cost at 1 January	1,128,510	623,303
Additions for the year	1,242,529	505,206
Cost at 31 December	<u>2,371,039</u>	<u>1,128,509</u>
Value adjustments at 1 January	48,004,698	30,690,832
Exchange adjustment	-262,901	116,218
Net profit/loss for the year	9,794,770	17,210,364
Dividend to the Parent Company	-10,413,108	-12,716
Amortisation of goodwill	-151,436	0
Value adjustments at 31 December	<u>46,972,023</u>	<u>48,004,698</u>
Equity investments with negative net asset value amortised over receivables	<u>277,398</u>	<u>0</u>
Equity investments with negative net asset value transferred to provisions	<u>415,483</u>	<u>0</u>
Carrying amount at 31 December	<u>50,035,943</u>	<u>49,133,207</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes	Ownership
Mermaid Medical A/S	Stenløse	DKK 2.100.000	94%	94%
Mermaid Medical Limited	Southport (UK)	GBP 10.000	100%	100%
Mermaid Medical BV, NL	Hella (NL)	EUR 3.500	70%	70%
Mermaid Medical Iberia S.L, ES	Toledo (ES)	EUR 3.600	90%	90%
Mermaid Medical Italia S.R.L, IT	Genova (IT)	EUR 10.000	70%	70%

Notes to the Financial Statements

	Group		Parent company	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
11. Investments in associated companies				
Cost at 1 January	300,000	300,000	300,000	300,000
Cost at 31 December	300,000	300,000	300,000	300,000
Carrying amount at 31 December	300,000	300,000	300,000	300,000

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Ownership and Votes	Equity	Net profit/loss for the year
Høj Elitehåndbold ApS	Stenløse	DKK 600.000	33%	659,242	-571,108
				659,242	-571,108

Notes to the Financial Statements

12. Other fixed asset investments

Group

	Other investments	Other receivables
	DKK	DKK
Cost at 1 January	43,750	35,064,722
Additions for the year	0	7,020,652
Disposals for the year	0	-3,697,595
Cost at 31 December	<u>43,750</u>	<u>38,387,779</u>
Impairment losses at 1 January	43,750	0
Impairment losses at 31 December	<u>43,750</u>	<u>0</u>
Carrying amount at 31 December	<u>0</u>	<u>38,387,779</u>

Parent company

	Other investments	Other receivables
	DKK	DKK
Cost at 1 January	43,750	17,000,848
Additions for the year	0	642,604
Disposals for the year	0	-3,697,595
Cost at 31 December	<u>43,750</u>	<u>13,945,857</u>
Impairment losses at 1 January	43,750	0
Impairment losses at 31 December	<u>43,750</u>	<u>0</u>
Carrying amount at 31 December	<u>0</u>	<u>13,945,857</u>

Group		Parent company	
2022	2021	2022	2021
DKK	DKK	DKK	DKK

13. Inventories

Finished goods and goods for resale	53,567,820	23,475,176	0	533,250
	<u>53,567,820</u>	<u>23,475,176</u>	<u>0</u>	<u>533,250</u>

Notes to the Financial Statements

14. Prepayments

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

Group		Parent company	
2022	2021	2022	2021
DKK	DKK	DKK	DKK

15. Provision for deferred tax

Deferred tax liabilities at 1 January	4,213,067	1,107,750	4,418,759	1,438,883
Amounts recognised in the income statement for the year	236,283	3,105,317	48,429	2,979,876
Deferred tax liabilities at 31 December	4,449,350	4,213,067	4,467,188	4,418,759

16. Long-term debt

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

The debt falls due for payment as specified below:

	Group		Parent company	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
Credit institutions				
After 5 years	0	0	0	0
Between 1 and 5 years	8,026,777	9,987,926	8,026,777	9,987,926
Long-term part	<u>8,026,777</u>	<u>9,987,926</u>	<u>8,026,777</u>	<u>9,987,926</u>
Within 1 year	4,000,000	4,000,000	4,000,000	4,000,000
Other short-term debt to credit institutions	6,579,120	6,129,849	2,007,517	2,079,472
Short-term part	<u>10,579,120</u>	<u>10,129,849</u>	<u>6,007,517</u>	<u>6,079,472</u>
	18,605,897	20,117,775	14,034,294	16,067,398
Other payables				
After 5 years	1,402,624	0	0	0
Between 1 and 5 years	3,749,100	5,946,734	3,749,100	3,764,766
Long-term part	<u>5,151,724</u>	<u>5,946,734</u>	<u>3,749,100</u>	<u>3,764,766</u>
Other short-term payables	11,052,160	10,915,306	2,953,660	3,781,989
	16,203,884	16,862,040	6,702,760	7,546,755

Notes to the Financial Statements

	Group	
	2022	2021
	DKK	DKK
17. Cash flow statement - Adjustments		
Financial income	-799,514	-1,221,045
Financial expenses	1,529,007	1,492,302
Depreciation, amortisation and impairment losses, including losses and gains on sales	3,208,325	1,003,119
Tax on profit/loss for the year	2,262,568	4,913,231
Other adjustments	-195,352	88,193
	6,005,034	6,275,800

	Group	
	2022	2021
	DKK	DKK
18. Cash flow statement - Change in working capital		
Change in inventories	-30,092,644	281,964
Change in receivables	-8,451,934	3,632,794
Change in trade payables, etc	27,493,646	-7,222,514
	-11,050,932	-3,307,756

Notes to the Financial Statements

Group		Parent company	
2022	2021	2022	2021
DKK	DKK	DKK	DKK

19. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

The following assets have been placed as security with bankers:

Company charge amounting to TDKK 21,500 (Parent: TDKK 10,000) have been placed in simple claims, inventory of raw materials, work in progress and finished goods, other equipment and intellectual property rights with a carrying amount of	136,977,180	98,160,705	43,763,616	45,987,668
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TDKK 20,000 of the Company charge is also placed as security for a third party's engagement with their bank. The third party's debt to the bank is TDKK 0 at 31 December 2022.

The following assets have been placed as security with other payables:

Company charge amounting to TDKK 8,000 (Parent: TDKK 8,000) have been placed in simple claims, inventory of raw materials, work in progress and finished goods, other equipment and intellectual property rights with a carrying amount of	43,763,616	45,987,668	43,763,616	45,987,668
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Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	0	509,704	0	0
Between 1 and 5 years	0	336,763	0	0
	0	846,467	0	0

Lease obligations, period of non-terminability 16-12 months	0	3,183,289	0	0
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Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Danish part of the Group amounts to DKK 0. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The Parent Company has posted an unlimited guarantee towards the subsidiary Mermaid Medical A/S' engagement with banks. Total bank debt amounts to DKK 4,571,603 at 31 December 2022.

Notes to the Financial Statements

20. Related parties

	<u>Basis</u>
Controlling interest	
Lars Vinther, Egernvej 3, 3600 Frederikssund	CEO and majority shareholder

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Lars Vinther, Egernvej 3, 3600 Frederikssund

Notes to the Financial Statements

21. Accounting policies

The Annual Report of Egern Holding ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2022 are presented in DKK.

Recognition and measurement

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

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

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

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

Basis of consolidation

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

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

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

Business combinations

Business acquisitions carried through on or after 1 July 2018

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

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

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

Notes to the Financial Statements

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

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

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

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

Business acquisitions carried through before 1 July 2018

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

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

Notes to the Financial Statements

Minority interests

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

Business acquisitions carried through before 1 July 2018

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

Business acquisitions carried through on or after 1 July 2018

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

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

Leases

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

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

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

Translation policies

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.

Income statement

Net sales

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 Group.

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

Notes to the Financial Statements

Expenses for raw materials and consumables

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

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit

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

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.

Other operating income and expenses

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

Income from investments in subsidiaries and associates

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

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

Financial income and expenses

Financial income and expenses 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 changes in deferred tax for the year. The tax attributable to the profit for the 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 danish group companies. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Goodwill

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

Development projects

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

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

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

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

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

Other intangible fixed assets

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

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

Property, plant and equipment

Depreciation based on cost reduced by land value is calculated on a straight-line basis over the expected useful life of the assets, which is 5 years.

As no information is available from an active market of similar [assets], it has not been possible with respect to a few properties to determine a reliable fair value and, consequently, the fair value has been determined at cost. These [assets] have been recognised at cost and are subject to the rules on impairment. An impairment test is carried out where there is any indication of the recoverable amount being lower than cost.

Other 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.

Notes to the Financial Statements

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

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

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.

Investments in subsidiaries and associates

Investments in associates are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Investments in subsidiaries are recognised and measured under the equity method.

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

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

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

Fixed asset investments

Fixed asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Other fixed asset investments

Other fixed asset investments consist of loans.

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.

Notes to the Financial Statements

The cost of goods for resale 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.

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, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities 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 receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

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

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

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Notes to the Financial Statements

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

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

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

Financial Highlights

Explanation of financial ratios

Return on assets	$\text{Profit before financials} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$