Flexray Medical ApS

Speditørvej 1, 1., 9000 Aalborg

Company reg. no. 36 89 05 09

Annual report

1 July 2020 - 30 June 2021

The annual report was submitted and approved by the general meeting on the 21 October 2021.

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Mads Vittrup
Chairman of the meeting

Contents

Notes:

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

Management's report

Today, the managing director has presented the annual report of Flexray Medical ApS for the financial year 1 July 2020 - 30 June 2021.

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

I consider the accounting policies appropriate and, in my opinion, the financial statements provide a fair presentation of the company’s assets, equity and liabilities, and financial position at 30 June 2021 and of the company’s results of activities in the financial year 1 July 2020 – 30 June 2021.

I am of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Aalborg, 21 October 2021

Managing Director

Mads Vittrup
CEO & Partner

Independent auditor's report on extended review

To the shareholders of Flexray Medical ApS

Opinion

We have performed an extended review of the financial statements of Flexray Medical ApS for the financial year 1 July 2020 to 30 June 2021, which comprise income statement, statement of financial position, notes and accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

Based on the work we have performed, we believe that the financial statements give a fair presentation of the assets, equity and liabilities, and financial position at 30 June 2021 and of the results of the company's activities for the financial year 1 July 2020 - 30 June 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We performed the extended review in accordance with the standard from the Danish Business Authority applicable to auditor's reports on small enterprises and in accordance with the standard from the Danish Institute of State Authorised Public Accountants applicable to extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the section “Auditor’s responsibilities for the extended review of the financial statements”. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a fair presentation in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management considers necessary to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the extended review of the financial statements

Our responsibility is to express an opinion on the financial statements. This requires that we plan and perform our procedures with the purpose of achieving moderate assurance as to our opinion on the financial statements. Furthermore, it requires that we perform particularly required additional procedures with a view to achieving further assurance as to our opinion.

Independent auditor's report on extended review

An extended review comprises procedures primarily comprising inquiries to the management and to other persons within the enterprise when appropriate, analytical procedures, and the particularly required additional procedures along with an assessment of the achieved evidence.

The scope of the procedures performed during an extended review is less than in case of an audit, and consequently, we do not express any audit opinion on the financial statements.

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 express no assurance opinion on the management commentary.

In connection with our extended review the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the extended review, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management commentary is consistent with the financial statements and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not discover any material misstatement in the management commentary.

Aalborg, 21 October 2021

Redmark
State Authorised Public Accountants
Company reg. no. 29 44 27 89

Jens Palsgård Nørgaard
State Authorised Public Accountant
mne34289

Company information

The company	Flexray Medical ApS Speditørvej 1, 1. 9000 Aalborg	
	Company reg. no.	36 89 05 09
	Established:	5 May 2015
	Domicile:	Aalborg
	Financial year:	1 July - 30 June
Managing Director	Mads Vittrup, CEO & Partner	
Auditors	Redmark Statsautoriseret Revisionspartnerselskab Hasseris Bymidte 6 9000 Aalborg	
Bankers	Spar Nord	

Management commentary

The principal activities of the company

The principal activities are sales of pre-owned and refurbished medical equipment, and related activities.

Development in activities and financial matters

The management consider the results satisfactory.

Income statement 1 July - 30 June

Amounts concerning 2020/21: DKK.
Amounts concerning 2019/20: DKK thousand.

Note		2020/21	2019/20
	Gross profit	**5.538.791**	**1.627**
1	Staff costs	-1.906.800	-1.541
	Depreciation and writedown relating to fixed assets	-9.186	-7
	Operating profit	**3.622.805**	**79**
	Other financial income	0	47
	Other financial costs	-205.677	-12
	Pre-tax net profit or loss	**3.417.128**	**114**
	Tax on ordinary results	-756.487	-36
	Net profit or loss for the year	**2.660.641**	**78**
	Proposed appropriation of net profit:		
	Extraordinary dividend adopted during the financial year	1.500.000	0
	Dividend for the financial year	750.000	0
	Transferred to retained earnings	410.641	78
	Total allocations and transfers	**2.660.641**	**78**

Statement of financial position at 30 June

Amounts concerning 2021: DKK.
Amounts concerning 2020: DKK thousand.

Assets

Note		2021	2020
	Non-current assets		
	Other plants, operating assets, and fixtures and furniture	33.756	22
	Total property, plant, and equipment	33.756	22
	Deposits	47.280	47
	Total investments	47.280	47
	Total non-current assets	**81.036**	**69**
	Current assets		
	Manufactured goods and trade goods	502.281	1.537
	Total inventories	502.281	1.537
	Trade debtors	5.101.710	1.373
	Receivable corporate tax	0	22
	Other debtors	169.739	577
	Accrued income and deferred expenses	157.989	145
	Total receivables	5.429.438	2.117
	Available funds	4.646.200	3.537
	Total current assets	**10.577.919**	**7.191**
	Total assets	**10.658.955**	**7.260**

Statement of financial position at 30 June

Amounts concerning 2021: DKK.
Amounts concerning 2020: DKK thousand.

Note	Equity and liabilities	2021	2020
	Equity		
	Contributed capital	54.000	54
	Results brought forward	4.295.239	3.885
	Proposed dividend for the financial year	750.000	0
	Total equity	**5.099.239**	**3.939**
	Provisions		
	Provisions for deferred tax	2.865	5
	Total provisions	**2.865**	**5**
	Liabilities other than provisions		
	Bank debts	73.927	42
	Trade creditors	4.623.217	2.835
	Corporate tax	660.230	0
	Other debts	199.477	439
	Total short term liabilities other than provisions	5.556.851	3.316
	Total liabilities other than provisions	**5.556.851**	**3.316**
	Total equity and liabilities	**10.658.955**	**7.260**
2	**Charges and security**		
3	**Contingencies**		

Notes

Amounts concerning 2020/21: DKK.
Amounts concerning 2019/20: DKK thousand.

		2020/21	2019/20
1.	**Staff costs**		
	Salaries and wages	1.813.195	1.458
	Pension costs	72.000	64
	Other costs for social security	21.605	19
		1.906.800	**1.541**
	Average number of employees	3	3

2. Charges and security

There are no mortgage and securities.

For bank debts, DKK in thousands 74, the company has provided security in company assets representing a nominal value of DKK in thousands 2.000. This security comprises the below assets, stating the book values:

	DKK in thousands
Inventories	502
Trade receivables	5.107
Other fixtures and fittings, tools and equipment	34

3. Contingencies

Contingent liabilities

	DKK in thousands
Total contingent liabilities	318

Accounting policies

The annual report for Flexray Medical ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

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

Recognition and measurement in general

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

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

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

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

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

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

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

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Accounting policies

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or writedown for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Income statement

Gross profit

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

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

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

Costs of sales includes costs for the purchase of trade goods, discounts, and changes in inventories.

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

Other external costs comprise costs for distribution, sales, advertisement, administration, and premises.

Staff costs

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

Accounting policies

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

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

Tax on net profit or loss for the year

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

Statement of financial position

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

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

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

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

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

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

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	5 years	0 %

Accounting policies

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

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

Impairment loss relating to non-current assets

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

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

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Deposits

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

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

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

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

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Accounting policies

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments and accrued income

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

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank.

Equity

Dividend

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

Income tax and deferred tax

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

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

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Accounting policies

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.