TMJ Investment A/S

Jægersborg Alle 4, DK-2920 Charlottenlund

Annual Report for 30 May 2022 - 31 March 2023

CVR No 43 29 82 83

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 26/09 2023

Kasper Sandø Jensen
Chairman of the General Meeting

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of TMJ Investment A/S for the financial year 30 May 2022 - 31 March 2023.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 March 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022/23.

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

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

Charlottenlund, 26 September 2023

Executive Board

Thomas Marstrand
CEO

Board of Directors

Benny Dalgaard Loft Chairman	Per Toft Valstorp	Thomas Marstrand
Kristian la Cour		

Independent Auditor's Report

To the Shareholder of TMJ Investment A/S

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 March 2023 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 30 May 2022 - 31 March 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of TMJ Investment A/S for the financial year 30 May 2022 - 31 March 2023, 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.

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 Financials 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

Independent Auditor's Report

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.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the 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 Company's and the Group'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 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 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.

Odense, 26 September 2023
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Mikael Johansen	Claus Damhave
State Authorised Public Accountant	State Authorised Public Accountant
mne23318	mne34166

Company Information

The Company	TMJ Investment A/S Jægersborg Alle 4 DK-2920 Charlottenlund CVR No: 43 29 82 83 Financial period: 30 May - 31 March Municipality of reg. office: Gentofte
Board of Directors	Benny Dalgaard Loft, Chairman Per Toft Valstorp Thomas Marstrand Kristian la Cour
Executive Board	Thomas Marstrand
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Munkebjergvænget 1, 3. og 4. sal DK-5230 Odense M

Financial Highlights

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

	Group 2022/23 TDKK
Key figures	
Profit/loss	
Revenue	2.969.183
Gross profit/loss	382.719
Operating profit/loss	15.370
Profit/loss before financial income and expenses	277.531
Net financials	-8.649
Net profit/loss for the year	267.413
Balance sheet	
Balance sheet total	1.358.815
Equity	467.413
Cash flows	
Cash flows from:	
- operating activities	332.406
- investing activities	-472.075
including investment in property, plant and equipment	-1.075
- financing activities	140.107
Change in cash and cash equivalents for the year	438
Number of employees	271
Ratios	
Gross margin	12,9%
Profit margin	9,3%
Return on assets	20,4%
Solvency ratio	34,4%
Return on equity	60,3%

The calculation for ratios in % are made in accordance with the description under "Accounting policies".

Management's Review

Key activities

The Group's primary activity is distribution of pharmaceuticals from wholesale warehouses in Taastrup and Vejle. Moreover, the Group is a specialist provider of non-pharmaceutical products and services related to diabetes and compression. The non-pharmaceutical products and services related to diabetes and compression operates under the name ReaMed (A/S Tødin), which is located in Thisted.

Development in the year

The income statement of the Group for 2022/23 shows a profit of TDKK 267,413, and at 31 March 2023 the balance sheet of the Group shows equity of TDKK 467,413.

Operating risks

The most material operating risks faced by the Company relates to fluctuations in pharmaceutical prices. Additional risk lies in energy price developments, which plays a significant role in the Company's cost of transportation.

Credit risks

The Company allows credit to its customers and thereby assumes a debtor risk. This risk is only sensitive to the specific customer and each customer is handled case by case.
The Company's policy on debtor management includes minimization of such risks.

Targets and expectations for the year ahead

Revenue and net EBITDA for 2023/24 is expected to be above 2022/23 levels adjusted for other operating income. Management expects a net EBIDTA in the range of DKK 51 - 56 million.

Research and development

The Company has no research activities.

Initiatives have been made to ensure continuous improvement of the Company's service of our customers and the profitability of the Operations.

External environment

The company is operating in a stable pharmacy market without high fluctuations. The total market is expected to grow due to the Danish demographics with an increasing elderly population.

Statement of corporate social responsibility

Business model

TMJ is a distributor of pharmaceuticals and a broad assortment of non-pharmaceuticals from logistic centres in Taastrup and Vejle.

The environment

Being a distributor of pharmaceuticals and a broad assortment of non-pharmaceuticals, transportation is a major part of our core business. And that has a negative effect on the environment, which is important for the Company to seek to reduce.

The Company is interested in observing the trend on how to work with climate and has the intention to continue doing that in the future. The Company has defined several different initiatives, which have been further developed in 2022/2023. All with the purpose of becoming more sustainable and limiting our impact on the environment. Furthermore, the Company's high-technological logistics center and HQ in Taastrup was built according to the latest and most eco-friendly standards (solar panels, high level of insulation, energy-efficient etc.).

In 2022/23 the Company has started an initiative relating to delivering pharmaceuticals using electric vehicle(s) in the Triangle Region in Denmark and are pursuing opportunities to include more routes to the initiative.

Social and employment relations

The Company values its employment relations, and human relations and work according to labour market agreements where appropriate and have established a works council and other social bodies governed by labour market agreements or law. Further, the Company has established policies on behaviour at work, smoking, health and further – being aware of the risk of work accidents and work-related stress.

The continued work with well-being and employee relations in 2022/23 shows a low sickness absence of 3,5%. The target for sickness absence is 3,0% for 2023/24.

Human rights

The Company primarily imports its products from other Western European countries where the risk of violation of human right are limited. Whenever possible, the Company take this into consideration by including code of conduct addressing this when contracts are negotiated.

The Company respects and works to the best of its knowledge according to international codes for human rights. The Company drives a culture, which promotes and protects these values. In 2022/2023 no violation of human rights has been identified. And this work will continue for the future.

Anti-corruption and bribery

The Company primarily imports its products from other Western European countries in which the risk of corruption and bribery is considered to be minimal.

The Company distances itself from corruption and bribery. Consequently, the Company is careful around customer entertainment and other peers with whom to meet in this context. An Anti-Money Laundering and Terrorist Financing policy is established for customers in specific countries with background checks and identification of the end customers, including focus on where payments are received from, as well as the policy is not to receive cash as payments.

A whistle-blower scheme was introduced in 2022/23, and no examples of corruption or bribery have been identified in 2022/2023. The Company will continue to have focus on this area.

Data Ethics

The Company manages ordinary data such as customer data, supplier data and employee data. Data is treated according to rules of GDPR. The Company has a data policy which are included in the Information-security policy.

Conclusion of corporate social responsibility points

Overall, the Company believes that the result of the efforts in 2022/23 in the mentioned areas is to maintain a satisfactory level of the Company.

Statement on gender composition

Equal opportunities and focus on diversity are an integrated part of the Company's policy on employee well-being and working conditions.

Opportunities for career development must be available for everybody possessing skills and showing intention and shall in no way be restricted by the person's gender, nationality, age, sexual orientation and religion or other similar factors.

The Board of directors

The members of the Board of Directors are appointed by the shareholders of the Company at the general meeting. The Company was established in 2022/23 and the Company has four board members. At the moment, none of the board members are female. The Company has a target to have one female and reaching a target of 25% within 2027.

As and when the Board of Directors nominates new candidates, the Board will include gender as a parameter. When appointing candidates to the Board of Directors of the Company, it is however important that the members hold professional qualifications relevant to the Company's activities. Finding the member with the right qualifications will always supersede gender.

Other management levels

The share of women in the Company's management team is currently approx. 43% (3 out of 7) and is considered satisfactory. However, the Company will be focused on the following areas to ensure equal gender representation in 2023/24:

- Where possible, inviting candidates of all genders, when recruiting for new management positions.
- Considering both female and male candidates for career and succession planning.

Both areas will be executed without compromising the qualifications needed to hold the positions in question.

Subsequent events

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

Income Statement 30 May - 31 March

	Note	Group	Parent
		2022/23	2022/23
		10 months	10 months
		TDKK	TDKK
Revenue	1	**2.969.183**	**0**
Other operating income	4	262.161	0
Expenses for raw materials and consumables		-2.780.955	0
Other external expenses		-67.670	-307
Gross profit/loss		**382.719**	**-307**
Staff expenses	2	-95.440	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-9.748	0
Profit/loss before financial income and expenses		**277.531**	**-307**
Income from investments in subsidiaries	4	0	267.863
Financial income	5	1	0
Financial expenses	6	-8.650	-202
Profit/loss before tax		**268.882**	**267.354**
Tax on profit/loss for the year	7	-1.469	59
Net profit/loss for the year		**267.413**	**267.413**

Balance Sheet 31 March

Assets

	Note	Group 2022/23 TDKK	Parent 2022/23 TDKK
Acquired licenses		4.534	0
Development projects in progress		3.665	0
Intangible assets	8	**8.199**	**0**
Land and buildings		40.468	0
Other fixtures and fittings, tools and equipment		48.418	0
Leasehold improvements		336	0
Property, plant and equipment in progress		0	0
Property, plant and equipment	9	**89.222**	**0**
Investments in subsidiaries	10	0	465.862
Fixed asset investments		**0**	**465.862**
Fixed assets		**97.421**	**465.862**
Inventories		**403.450**	**0**
Trade receivables		784.455	0
Other receivables		243	0
Corporation tax		2.421	0
Corporation tax receivable from group enterprises		0	3.288
Prepayments	11	14.360	0
Receivables		**801.479**	**3.288**
Cash at bank and in hand		**56.465**	**1.556**
Currents assets		**1.261.394**	**4.844**
Assets		**1.358.815**	**470.706**

Balance Sheet 31 March

Liabilities and equity

	Note	Group 2022/23 TDKK	Parent 2022/23 TDKK
Share capital		1.000	1.000
Share premium account		199.000	199.000
Retained earnings		267.413	267.413
Equity		**467.413**	**467.413**
Provision for deferred tax	13	4.842	0
Provisions		**4.842**	**0**
Credit institutions		107	0
Trade payables		818.017	0
Payables to group enterprises		0	40
Corporation tax		0	147
Payables to group enterprises relating to corporation tax		0	3.081
Other payables		68.436	25
Short-term debt		**886.560**	**3.293**
Debt		**886.560**	**3.293**
Liabilities and equity		**1.358.815**	**470.706**
Distribution of profit	12		
Contingent assets, liabilities and other financial obligations	16		
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Statement of Changes in Equity

Group

	Share capital	Share premium account	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 30 May	0	0	0	0
Cash payment concerning formation of entity	500	0	0	500
Cash capital increase	500	199.000	0	199.500
Net profit/loss for the year	0	0	267.413	267.413
Equity at 31 March	**1.000**	**199.000**	**267.413**	**467.413**

Parent

	Share capital	Share premium account	Retained earnings	Total
Equity at 30 May	0	0	0	0
Cash payment concerning formation of entity	500	0	0	500
Cash capital increase	500	199.000	0	199.500
Net profit/loss for the year	0	0	267.413	267.413
Equity at 31 March	**1.000**	**199.000**	**267.413**	**467.413**

Cash Flow Statement 30 May - 31 March

	Note	Group 2022/23 10 months TDKK
Net profit/loss for the year		267.413
Adjustments	14	-239.323
Change in working capital	15	307.097
Cash flows from operating activities before financial income and expenses		**335.187**
Financial expenses		-8.647
Cash flows from ordinary activities		**326.540**
Corporation tax paid		5.866
Cash flows from operating activities		**332.406**
Purchase of property, plant and equipment		-1.075
Business acquisition		-471.000
Cash flows from investing activities		**-472.075**
Repayment of payables to group enterprises		-60.000
Raising of loans from credit institutions		107
Cash capital increase		200.000
Cash flows from financing activities		**140.107**
Change in cash and cash equivalents		**438**
Acquired cash		56.027
Cash and cash equivalents at 31 March		**56.465**
Cash and cash equivalents are specified as follows:		
Cash at bank and in hand		56.465
Cash and cash equivalents at 31 March		**56.465**

Notes to the Financial Statements

		Group	Parent
		2022/23	2022/23
		10 months	10 months
		TDKK	TDKK
1	**Revenue**		
	Geographical segments		
	Revenue, Denmark	2.865.890	0
	Export sales, EU	13.884	0
	Export sales, non-EU	89.407	0
		2.969.181	**0**
	Business segments		
	Pharmaceuticals	2.585.383	0
	Non-pharmaceuticals	383.798	0
		2.969.181	**0**

		Group	Parent
2	**Staff expenses**		
	Wages and salaries	85.468	0
	Pensions	7.531	0
	Other social security expenses	2.198	0
	Other staff expenses	243	0
		95.440	**0**
	Including remuneration to the Board of Directors of:		
	Board of Directors	400	0
		400	**0**
	Average number of employees	**271**	**0**

The Executive Board has not received any remuneration.

Notes to the Financial Statements

		Group	Parent
		2022/23	2022/23
		10 months	10 months
		TDKK	TDKK
3	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**		
	Amortisation of intangible assets	2.083	0
	Depreciation of property, plant and equipment	7.665	0
		9.748	**0**

4 Special items

	Group	Parent
Recognition of negative goodwill	259.189	259.189
	259.189	**259.189**

Special items are included in Other operating income in the Group and included in Income from investments in subsidiaries in the Parent Company.

5 Financial income

	Group	Parent
Other financial income	1	0
	1	**0**

6 Financial expenses

	Group	Parent
Other financial expenses	8.081	202
Exchange adjustments, expenses	569	0
	8.650	**202**

Notes to the Financial Statements

		Group	Parent
		2022/23	2022/23
		10 months	10 months
		TDKK	TDKK
7	**Tax on profit/loss for the year**		
	Current tax for the year	1.545	-59
	Deferred tax for the year	449	0
	Adjustment of tax concerning previous years	-360	0
	Adjustment of deferred tax concerning previous years	-165	0
		1.469	**-59**

8 Intangible assets

Group

	Acquired licenses	Development projects in progress
	TDKK	TDKK
Cost at 30 May	0	0
Net effect from merger and acquisition	3.970	0
Transfers for the year	2.647	3.665
Cost at 31 March	6.617	3.665
Impairment losses and amortisation at 30 May	0	0
Amortisation for the year	2.083	0
Impairment losses and amortisation at 31 March	2.083	0
Carrying amount at 31 March	**4.534**	**3.665**

Development projects relate primarily to the development of new versions of the Company's existing software products. Effective roll-out of these software products within the Company takes place on a continuous basis.

Notes to the Financial Statements

9 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 30 May	0	0	0	0
Net effect from merger and acquisition	42.719	51.952	400	7.133
Additions for the year	0	408	57	610
Disposals for the year	0	-102	0	0
Transfers for the year	0	1.431	0	-7.743
Cost at 31 March	42.719	53.689	457	0
Impairment losses and depreciation at 30 May	0	0	0	0
Depreciation for the year	2.251	5.317	121	0
Impairment and depreciation of sold assets for the year	0	-46	0	0
Impairment losses and depreciation at 31 March	2.251	5.271	121	0
Carrying amount at 31 March	**40.468**	**48.418**	**336**	**0**

Notes to the Financial Statements

10 Investments in subsidiaries

	Parent
	2022/23
	TDKK
Cost at 30 May	0
Additions for the year	471.000
Cost at 31 March	471.000
Value adjustments at 30 May	0
Net profit/loss for the year	8.673
Dividend to the Parent Company	-273.000
Other adjustments	259.189
Value adjustments at 31 March	-5.138
Carrying amount at 31 March	**465.862**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
TMJ MidCo ApS	Høje Taastrup	TDKK 17.660	100%
Tjellesen Max Jenne A/S	Høje Taastrup	TDKK 52.200	100%
A/S Tødin	Høje Taastrup	TDKK 600	100%

11 Prepayments

Prepayments consist of prepaid expenses concerning licenses and rent etc.

12 Distribution of profit

	Group	Parent
	2022/23	2022/23
	10 months	10 months
	TDKK	TDKK
Retained earnings	267.413	267.413
	267.413	**267.413**

Notes to the Financial Statements

		Group	Parent
		2022/23	2022/23
		TDKK	TDKK

13 Provision for deferred tax

	Group 2022/23 TDKK	Parent 2022/23 TDKK
Provision for deferred tax at 30 May	4.557	0
Amounts recognised in the income statement for the year	285	0
Provision for deferred tax at 31 March	**4.842**	**0**

14 Cash flow statement - adjustments

	Parent 2022/23 TDKK
Financial income	-1
Financial expenses	8.650
Depreciation, amortisation and impairment losses, including losses and gains on sales	9.748
Recognition of negative goodwill	-259.189
Tax on profit/loss for the year	1.469
	-239.323

15 Cash flow statement - change in working capital

	Parent 2022/23 TDKK
Change in inventories	8.779
Change in receivables	90.323
Change in trade payables, etc	207.995
	307.097

Notes to the Financial Statements

	Group	Parent
	2022/23	2022/23
	TDKK	TDKK

16 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

	Group 2022/23 TDKK	Parent 2022/23 TDKK
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	2.519	0
Between 1 and 5 years	2.397	0
	4.916	**0**
Liabilities under rental agreements until maturity in total	62.557	0

Other contingent liabilities

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

Notes to the Financial Statements

17 Related parties

	Basis
Controlling interest	
Erhvervsinvest IV K/S Jægersborg Alle 4, 5. 2920 Charlottenlund	Parent Company

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.

There have been no such transactions during the financial year.

18 Fee to auditors appointed at the general meeting

	Group	Parent
	2022/23	2022/23
	10 months	10 months
	TDKK	TDKK
PricewaterhouseCoopers		
Audit fee	460	10
Other assurance engagements	48	0
Tax advisory services	45	5
Other services	75	20
	628	**35**

19 Subsequent events

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

Notes to the Financial Statements

20 Accounting Policies

The Annual Report of TMJ Investment A/S for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Consolidated and Parent Company Financial Statements for 2022/23 are presented in TDKK.

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, TMJ Investment A/S, 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

Notes to the Financial Statements

20 Accounting Policies (continued)

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.

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. Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related. 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.

Leases

All 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.

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.

Revenue

Information on business segments and geographical segments based on the Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

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

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

Expenses for raw materials and consumables

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

Other external expenses

Other external expenses comprise expenses to the Group's ordinary activities, including expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

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

Amortisation, depreciation and impairment losses

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

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.

Notes to the Financial Statements

20 Accounting Policies (continued)

Income from investments in subsidiaries

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 enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 3 years.

Development costs and costs relating to rights developed by the Company are measured at the lower ofcost less accumulated amortisation and recoverable amount. Development costs is amortised on a straight-line basis over its useful life, which is assessed at 3 - 5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

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

Buildings	10 - 50 years
Other fixtures and fittings,	

Notes to the Financial Statements

20 Accounting Policies (continued)

tools and equipment	4 - 7	years
Leasehold improvements	5	years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment 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

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.

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.

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. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

Notes to the Financial Statements

20 Accounting Policies (continued)

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 equity 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 are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

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

Financial debts

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

Notes to the Financial Statements

20 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

20 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$