

ANNUAL REPORT

1 OCTOBER 2022 - 30 SEPTEMBER 2023

THE PURPOSE OF SCANDINAVIAN MEDICAL SOLUTIONS A/S

The Future of Healthcare is For Everyone

SCANDINAVIAN MEDICAL SOLUTIONS' PURPOSE IS TO ENHANCE SCAN CAPACITY BY PROVIDING AFFORDABLE AND RELIABLE SCANNERS WORLDWIDE. WE AIM TO BE THE PREFERRED SUPPLIER OF USED DIAGNOSTIC IMAGING EQUIPMENT, SPARE PARTS, AND RENTAL SOLUTIONS OF THE HIGHEST QUALITY AND AN ATTRACTIVE PRICE POINT.



COMPANY INFORMATION

Company

Scandinavian Medical Solutions A/S
Gasvaerksvej 48, 1. 9000 Aalborg
CVR no.: 39901749
Registered office: Aalborg, Denmark
Report for the period: 01.10.2022 – 30.09.2023

Executive Board

Jens Krohn
Jens Hvid Paulsen

Board of Directors

Mille Tram Lux, Chairman of the board
Anne Kaptain, Deputy Chairman
Morten Rasmussen, Board member
Jakob Have, Board member

Certified Adviser

NCEF A/S
Kongevejen 135, 2840 Holte
CVR no.: 31933048

Financial Calendar

Annual Report:	20 November 2023
General Assembly:	8 December 2023
Half-Year Report 2023/24:	16 May 2024
Annual Report 2023/24:	20 November 2024
General Assembly:	9 December 2024

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GROWING SCANDINAVIAN MEDICAL SOLUTIONS

Scandinavia Medical Solutions offers a broad assortment within diagnostic imaging equipment.



INTRODUCTION & MANAGEMENT LETTER



“
 Our purpose is to enhance scan capacity by providing affordable and reliable scanners worldwide. The better we do our job; the more hospitals can afford and offer rightful diagnosis and treatment. Our expertise lies in meticulously monitoring the market, locating medical equipment with potential, and then safely delivering it to hospitals with an urgent need.
 ”

JENS HVID PAULSEN
 CPO & PARTNER

SCANDINAVIAN MEDICAL SOLUTIONS AT A GLANCE

Scandinavian Medical Solutions goes the extra mile to support a more sustainable approach to diagnostic imaging equipment by extending the lifespan of such equipment while also improving public health worldwide.

CEO and Founder Jens Krohn established Scandinavian Medical Solutions five years ago with a clear mission to increase access to vital healthcare technology by selling used high-quality imaging equipment such as MRI and CT scanners.

Since its founding, Scandinavian Medical Solutions has extended its services, and the company now offers unique and innovative rental solutions and Aftersales and Parts for life extension of existing equipment.

Scandinavian Medical Solutions supports and contributes to:

- Healthcare organizations being able to provide more cost-effective services.
- Healthcare organizations have improved opportunities to offer patients access to a diagnosis and treatment.

- The lifespan of used imaging equipment is prolonged. Instead of scrapping well-functioning equipment, these systems will be sold to areas without sufficient scan capacity.

In just five years, Scandinavian Medical Solutions has grown from a one-man army to a renowned publicly traded company with a sound financial position and as one of the most traded stocks on the Nasdaq First North Growth Market.

The values and ambitions have been sky-high right from the get-go, and the accomplished results have primarily been driven by the unique and passionate individuals – known as Team SMS - who together form the backbone of Scandinavian Medical Solutions.

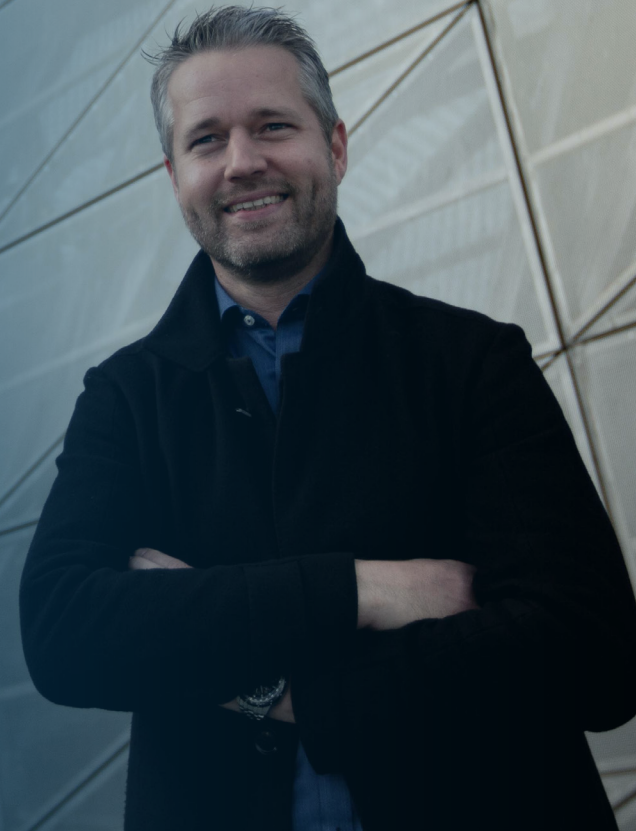
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Scandinavian Medical Solutions continues its impressive growth - and I look at our results with great pride - this is indeed a team effort.

We now have a size in the industry of used diagnostic imaging equipment that only a few in the European market can match. To ensure our further growth, we are now opening an American subsidiary, which will contribute to securing our further growth in a unique market with great opportunities.

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JENS KROHN
CEO & FOUNDER



TO OUR SHAREHOLDERS - A YEAR OF PROGRESS & GROWTH

Scandinavian Medical Solutions' financial year 2022/23 has been remarkable for its progress. Revenue grew by 73 % to DKK 191 million, and EBITDA improved to DKK 21 million. As in previous years, Scandinavian Medical Solutions' primary activities include the resale of used diagnostic imaging equipment and further the development of the After Sales & Parts and the Rental business.

The central achievement of the financial year is that Scandinavian Medical Solutions has been able to deliver growth and earnings that exceed our initial expectations for the financial year. The company delivered record results for 2022/23, and revenue has increased by DKK 81 million since the last financial year.

Four upward revisions of the 2022/23 guidance

Scandinavian Medical Solutions has continued the strong growth of previous years. Scandinavian Medical Solutions' original guidance for the financial year of 2022/23 was revenue of DKK 125 – 140 million and EBITDA of DKK 15 – 17 million. However, in March of 2023, the company announced its first upward revision – the pattern continued in May and

July. On the 19th of September 2023, the company could, for the fourth time in 2022/23, announce upward revision on both revenue and EBITDA.

The four upward guidance revisions in 2022/23 result from solid growth exceeding our expectations extensively. Moreover, our team has been able to utilize periodic market opportunities. Some of the growth has come with lower margins, especially the case of our CT scanner equipment sale in the fourth and last quarter of 2022/23, which has impacted our EBITDA margin in the period. Further, we have taken an inventory write-down relating to the CT scanners of DKK 1.6 million in the quarter to bridge the current price levels for CT scanners to the higher cost prices on our books for CT scanner purchases done in previous quarters.

For 2023/24, we expect revenue of DKK 210 - 230 million and EBITDA of DKK 20 - 23 million.

We consider the guidance to be realistic. However, we see an upside in the guidance if it turns out that we have been too cautious in especially the following assumptions:

We find it reasonable that the price levels and our future margins for CT scanners will increase going forward. However, the budget for 2023/24, and hence also our guidance, is based on the same low prices and margins for CT scanners we experienced last quarter.

2022/23 was the first year with revenue from our rental fleet. At no time during the year we had full utilization, and we ended the year with a utilization rate significantly below what we consider acceptable. We still believe this segment holds tremendous potential, and we have established a strong team that will do everything they can to ensure we can fulfill the true potential. The budget for 2023/24, and hence also our guidance, is based on the same utilization rate and the same number of rental assets as we ended 2022/23.

We see significant potential in the US, so we have decided to prioritize the US market by having our founder and CEO, Jens Krohn, relocate to the US to establish a US entity and ensure we capture the full potential in that market. However, the budget for 2023/24, and hence also our guidance, are based on the assumptions that start-up costs in the first year are higher than the added gross profit from the additional US equipment sale. Hence, our US entity is budgeted with negative EBITDA in 2023/24. Although we already have 40% of our US sales, we know it can take time to establish a proper business in a foreign and highly competitive mar-

ket, so we take a cautious approach here.

Three drivers of growth

There are three drivers of growth in Scandinavian Medical Solutions: Firstly, the overall demand for used diagnostic imaging equipment, which the management predicts will continue in the years to come. The predictions are based on the growing interest in the company's inventory, macroeconomic factors, and analytical data, which indicate an expected global growth rate (CARG) within this unique market of 11.76 % until 2027. As a natural step, Scandinavian Medical Solutions announced the establishment of a US-based subsidiary in early November, as the North American continent is one of our largest markets, and we can strengthen collaborations in the area, ultimately contributing to the continued financial growth of Scandinavian Medical Solutions.

Secondly, the accessibility to after-sales services and parts is of great importance. With an increasing interest in used systems, management expects an emerging customer focus on attaining parts for system maintenance. Therefore, the company's focus is to ensure a steadily growing department with the ability to service customer demands.

And lastly, the accessibility to rental solutions. Executive management expects flexible rental solutions to become integral to many hospitals' operations. Hospitals and healthcare organizations depend highly on stable scan capacity – all year round.

Rental solutions cater to various needs – including bridging periods, back locks, and breakdowns – and we will continue to promote our unique solutions to public and private hospitals throughout Europe.

An Inventory Set Up for Future Growth

Scandinavian Medical Solutions' inventory is currently on the larger side, but it fully matches the economic growth and the set guidance for the coming year. A large inventory, which consists of a wide variety of brands and modalities, is vital to meet customer demands across land borders, and we always aim to keep various models from each modality in stock – as requirements to functionalities can differ significantly. The size of our current inventory is essential to succeed in our new business venture across the Atlantic Ocean.

In 2022/23, the average number of full-time employees was 20, which means that the team has grown by 8 full-time employees. Within this past financial year, high-profile sales managers have joined the team. Furthermore, our administration and back-office departments have also grown to support the sales – and purchasing departments in the best way possible. Together, our growing team will contribute to our expected continued growth.

The increased salary costs, which naturally follow a significant increase in the number of employees, are impacting the lower EBITDA margin. In Scandinavian Medical Solutions, we have thus had a

substantial focus on securing a scalable foundation for the company's further growth. However, these have had an impact on our short-term earnings.

In the next financial year, there will be additional hires – especially in the purchasing department to keep up with a sales department that has grown considerably this last year.

Scandinavian Medical Solutions went public to raise capital to grow: the capital has been used to grow the inventory significantly and invest in the company's rental fleet. We can now say that Scandinavian Medical Solutions is well-prepared and equipped for the future.

In an IPO process – and as a growth company – many lessons are learned, and these are often times being taken into close consideration when potential business opportunities arise – this has also been the case in connection with our ambitions in the American market.

Scandinavian Medical Solutions has once again proven strong bottom line earnings, which is why the management team and board of directors will spend this next financial year to determine future ambitions in relation to financial leverage and capital structure.

Scandinavian Medical Solutions Inc. – Now a Reality

In early November 2023, we had the honor of finally revealing the establishment of our subsidiary in the United States. Opening a US-based subsidiary has been a natural next step in our growth journey. Scandinavian Medical Solutions has collaborated extensively with US-based partners and customers over the years, and the North American market is one of our largest export markets. By establishing a US-based office, the company can, to an even greater extent, service and tend to US-based customers. Our current inventory enables us to be agile and support our American customers in the best way possible until our US-based warehouse becomes a reality.

The North American region is dominating the global refurbished medical equipment market with the prevalence of chronic diseases and growing healthcare expenditures. Research and reports indicate that there will continue to be a need for advanced imaging equipment, and here, the presence of well-established players is vital. In 2021, the North American refurbished medical equipment market was valued at USD 4.30 billion.

Establishing the subsidiary is a significant milestone for Scandinavian Medical Solutions as it will bring the company closer to a market with extensive growth potential and abundant opportunities for collaboration in the industry. It will allow greater accessibility for Scandinavian

Medical Solutions, making customer visits and collaborations with US-based companies possible in the day-to-day operations – which will benefit our customers – physical distance, significant time zone differences, and the lack of physical presence currently restrict us. Being present in the United States makes offering more and better customer support possible. When deciding who will be the driving force of Scandinavian Medical Solutions Inc., it has been crucial that the person must know the DNA and unique approach to business. I am honored that the Board of Directors has supported me and my vision – and I look forward to taking on the challenge while helping the Danish parent company succeed in its continued growth.

Annual Report in English

This year, we are publishing the annual report in English. The decision has been made to ensure investors from all nationalities can access valuable insights and information about the company's performance and strategy. However, keeping our Danish investors well-informed is essential by continuing to publish investor news and announcements in Danish.

Subsequent events

No subsequent events have occurred in the period between the end of the financial year and the Board of Directors' approval of the Annual Report.

Scandinavian Medical Solutions – Best Danish listed Growth Company

2022/23 has offered positive elements for Scandinavian Medical Solutions – from growing the team, both in administration and back-office, as well as the sales organization. The company has invested in new state-of-the-art rental solutions, which will secure the further growth of the rental business.

Moreover, in September 2023, Scandinavian Medical Solutions was voted as the best Danish listed growth company of 2023 by FBV (Foreningen af Børsnoterede Vækstvirksomheder).

The recognition and award are proof of our hard work, excellent results, and our company culture and values. The team is proud and honored by the recognition, and we hope to inspire other growth companies in Denmark in the coming years. The team is profoundly aware that honor obliges.

First Investors' Day in Aalborg

In Scandinavian Medical Solutions, we seek to ensure good communication and dialogue with both shareholders and stakeholders.

In August of 2023, the company had the great pleasure of welcoming investors to the company head office in Aalborg. The day was packed with exciting presentations from collaborative partners and our team members. It was a great pleasure showing investors, collaborative part-

ners, and interested parties our facilities and business. We look forward to opening our facilities in the future.

The management considers the results for 2022/23 and the company's performance to be very satisfactory. The company and team have taken crucial steps to ensure continued growth for the coming financial year.

Lastly, I praise the dedicated colleagues at Scandinavian Medical Solutions. The good results and historically high operating revenue are the fruits of a collaborative company culture and energetic and dedicated daily effort. Thank you!

JENS KROHN
CEO





REVENUE

- The revenue guidance set for the financial year of 2022/23 was originally DKK 125 - 140 million.
- The company presented four upward revisions within the financial year. The latest revision was on 19 September 2023, when the revenue guidance was set to DKK 180 - 195 million.
- Revenue amounts to DKK 191 million.
- Scandinavian Medical Solutions realizes a growth in revenue of 73% compared to the last financial year.
- The company's main business driver is the resale of used high-quality imaging equipment. However, the company's other business areas – in particular Parts & After Sales – are growing faster than initially calculated.

EBITDA

- The initial guidance for the operating result before interest, tax and depreciation (EBITDA) was originally DKK 15 -17 million.
- The operating result before interest, tax and depreciation (EBITDA) amounts to DKK 21 million. An increase of 37% compared to last year's results.
- The increased salary costs for 2022/23 have had an impact on the EBITDA margin. However, Scandinavian Medical Solutions has had a considerable focus on securing a scalable foundation for the future growth of the company.

FINANCIAL HIGHLIGHTS 2022/23

REVENUE

DKK 191 MILLION

2020/21		DKK 71.6 mil.
2021/22		DKK 110.5 mil.
2022/23		DKK 191.0 mil.

EBITDA

DKK 21 MILLION

2020/21		DKK 10.8 mil.
2021/22		DKK 15.3 mil.
2022/23		DKK 21.0 mil.



KEY FIGURES & PERFORMANCE INDICATORS FOR THE FINANCIAL YEAR OF 2022/23

DKK	2022/23	2021/22	2020/21	2019/20	2018/19
Net revenue	191,192	110,530	71,638	41,949	31,195
Cost of goods sold	141,804	80,383	54,300	32,717	25,121
Gross margin	49,388	30,147	17,338	9,232	6,074
Capacity costs	28,306	14,797	6,440	3,243	2,153
Operating profit before interest, tax, depreciations, and amortisation (EBITDA)	21,082	15,350	10,898	5,989	3,922
Earnings before interest and tax (EBIT)	16,627	14,741	10,873	5,965	3,898
Earnings before tax (EBT)	15,794	14,712	10,540	5,818	3,903
Net profit	12,224	11,373	8,157	4,511	3,039
Total assets	163,964	106,125	44,644	17,061	9,370
Investment in tangible fixed assets	40,820	13,757	-	-	72
Cash and cash equivalents	459	27,763	25,401	10,662	4,057
Equity	74,451	62,186	24,110	4,880	3,139
Weighted average of outstanding shares (in 1.000 units)	27,300	26,708	3,307	100	100
Closing number of outstanding shares (in 1.000 units)	27,317	27,250	21,250	100	100
Earnings per share (DKK)	0.45	0.43	2.47	45.11	30.39
EBITDA margin (%)	11.03 %	13.89 %	15.21 %	14.28 %	12.57 %
Solvency ratio (%)	45.41 %	58.60 %	54.00 %	28.60 %	33.50 %

Key figures and performance indicators are defined and calculated in accordance with CFA Society Denmark's current version of "Recommendations & key performance indicators".

Earnings per share DKK

Net profit / number of shares

EBITDA margin (%)

EBITDA * 100 / Net revenue

Solvency ratio (%)

Equity * 100 / Total assets

Capacity costs

Other external costs + staff costs

A photograph of two men in an office setting. One man is seated at a desk, leaning forward and looking at a smartphone. The other man is standing and leaning over him, also looking at the phone. The scene is dimly lit with a blue tint. In the background, a computer monitor is visible. On the desk, there is a white mug and some papers.

STRATEGY & FINANCIAL AMBITIONS

STRATEGY EXECUTION 2022/23

SYSTEMS SALES

New market trends have occurred

In the past year, the system sales department has focused a great deal on the product mix, as we have seen rapidly changing market trends on a global level. In a relatively short time, we have gone from having a global market with few available systems to having a market with an overflow of systems, which also means that customers are even more selective and quality conscious. This market situation automatically sets an even stricter framework for purchasing systems for resale – in the coming financial year, we will, therefore, have an even greater focus on buying what we want rather than what we can. This process requires a strong collaboration between our purchase – and sales departments that continuously follow and adapt the commercial strategy to the market trends.

Although we have had a good year in the sales department, the global economic situation has impacted our business. The combination of our customers having more options to choose from, as well as increased costs, has made our trades more complex and time-consuming.

Internally, we have focused on setting up our talent program in the sales team. Initiating the talent program has been possible as the team now consists of very

knowledgeable employees with the right competencies to support talents in their quest to become tomorrow's talents. In the long haul, they can build new market channels for the organization.

We are looking into a fascinating new financial year and can already see more positive trends in the global economy again. Customers who have postponed projects due to economic factors are back on track with projects. In addition, we are happy to see that our hard work to become more present in specific markets is starting to pay off, as this has given us access to products that our competitors do not have in their inventory – giving us the upper hand.

Moreover, our overall focus for the financial year of 2023/24 will be on doing more transit trades, where we minimize our risks. In the year, we will continue to focus on offering our customers the best possible quality and system configurations. We expect competitors to push market prices down, as some have not fully adapted to the new market trends.

“In the past year, we have focused significantly on our product mix as we have seen rapidly changing market trends globally. The new trends set an even stricter framework for our purchasing department, and an even closer internal collaboration between our purchasing and sales departments is required within the next financial year.”

Patrick Remon
Head of Sales



STRATEGY EXECUTION 2022/23

AFTER SALES & PARTS

After Sales & Parts - Performing beyond initial expectations

In this past financial year, our After Sales & Parts department has taken a significant step towards becoming a relevant provider of parts and components. The department has focused on expanding the inventory with various components across various brands and modalities, including high-demand spare parts. The department has adapted to market demands and shaped its set-up accordingly. However, this past year, we have been challenged by the cost prices of systems used for parts salvaging, which has required enormous preparatory work and analysis.

Our current set-up has performed beyond expectations, but we still have ambitions to become best-in-class regarding quality assurance, packaging, and handling. To accomplish that, we must continue our digital development and business analysis of data while improving and increasing revenue and bottom line by working smarter.

The After Sales & Parts team has grown within this past financial year and currently includes an internal seller, an external sales employee, a warehouse responsible, and a spare parts coordinator, which ultimately means that the team is

ready for future development and growth within this specific department. As we advance, After Sales & Parts aims to continue the customer-centric approach – we are committed to meeting market demand for diagnostic imaging components and parts.

Our unique market is exceptionally time-sensitive, as the maintenance of systems requires fast delivery. Therefore, it is also pleasing that we have built a stable customer base in a relatively short time.



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Our rental department has performed beyond expectations - and I am proud to see that our hard work is paying off. We aim to continue the development of internal structures and processes to reach our goal of being best-in-class and increasing revenue while working smarter.

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TROELS ANKER VAD
Head of Aftersales

STRATEGY EXECUTION 2022/23

RENTAL SOLUTIONS

A growing fleet which now consists of various modalities

Our rental department has had a satisfactory financial year, where the absolute highlight of the year has been the growth of the rental fleet. Three custom-built modular solutions, each with a Siemens Sola 1.5T MRI scanner – have strengthened the fleet considerably. These three high-end solutions are essential for Scandinavian Medical Solutions to separate its solutions from other European rental providers. A large percentage of available rental solutions in Europe are – unlike our custom-built and spacious modular solutions – tiny and bare in appearance, while we have created solutions that are everything but small and basic. We want our high-end rental solutions to be preferred because of the environment we have created, as we know that the atmosphere significantly influences the patient experience and the working environment for radiologists.

In the coming financial year, the rental department will continue the work to grow the rental fleet with robust, high-end rental solutions that can meet our customer's needs and requirements. However, the department does not expect investments to the same extent as this last financial year.

Finding the right approach

Even though the rental department has been up and running since early 2022, it is still considered a new department where continuous work regarding strategies and approaches must be expected until the most optimal strategy has been found and implemented.

The team has been able to cater to customers with various requirements during the year – from short-term rental periods in bridging periods to long-term rentals, primarily private hospitals, working on bringing the extensive backlogs further down.

Delays regarding transportation permits significantly challenge the department. Permits are needed to transport trailers and modular solutions through Germany, and we are currently experiencing extensive delays of up to 8 weeks in Germany – this can be immensely challenging when customers have urgent requests. However, these delays affect all other rental suppliers within the industry. Our job is to find a viable solution to our customer's requests, and we hope to see improvements within the following year.

"It has been an exciting year for our rental department. Our fleet has grown considerably, and we receive great praise for our bright and spacious rental solutions. We are confident that the interest in flexible rental solutions will continue to grow in the coming years. Hospitals and healthcare providers depend on stable scan capacity - and we have solutions that can quickly improve such capacity for shorter or longer periods."

Jens Hvid Paulsen
CPO & Partner



FINANCIAL GUIDANCE 2023/24

Scandinavian Medical Solutions expects continued top and bottom-line growth for the financial year 2023/24. The company estimates that the year will begin with a strong pipeline of orders and new potential customers as the sales team is working dedicatedly to establish new collaborations and contacts globally.

The company's guidance for 2023/24 is as follows:

Revenue: In the range of DKK 210 million to DKK 230 million.

EBITDA: In the range of DKK 20 million to DKK 23 million.

We consider the guidance to be realistic. However, we see an upside in the guidance if it turns out that we have been too cautious in especially the following assumptions:

We find it reasonable that the price levels and our future margins for CT scanners will increase going forward. However, the budget for 2023/24, and hence also our guidance, is based on the same low prices and margins for CT scanners we experienced last quarter.

2022/23 was the first year with revenue from our rental fleet. At no time during the year we had full utilization, and we ended

the year with a utilization rate significantly below what we consider acceptable. We still believe this segment holds tremendous potential, and we have established a strong team that will do everything they can to ensure we can fulfill the true potential. The budget for 2023/24, and hence also our guidance, is based on the same utilization rate and the same number of rental assets as we ended 2022/23.

We see significant potential in the US, so we have decided to prioritize the US market by having our founder and CEO, Jens Krohn, relocate to the US to establish a US entity and ensure we capture the full potential in that market. However, the budget for 2023/24, and hence also our guidance, are based on the assumptions that start-up costs in the first year are higher than the added gross profit from the additional US equipment sale. Hence, our US entity is budgeted with negative EBITDA in 2023/24. Although we already have 40% of our US sales, we know it can take time to establish a proper business in a foreign and highly competitive market, so we take a cautious approach to the budget.



ENVIRONMENT SOCIAL GOVERNANCE AT SCANDINAVIAN MEDICAL SOLUTIONS

Scandinavian Medical Solutions' ESG strategy and initiatives support the organization's growth priorities.

Over the past years, Scandinavian Medical Solutions has undergone a significant transformation from being a minor reseller of diagnostic imaging equipment with few employees. Scandinavian Medical Solutions today operates smoothly across national borders and has grown considerably in size and revenue.

At the center of our business are our customers and the ecosystem connected to used diagnostic imaging equipment – and we go the extra mile to extend a scanner's life and improve public health everywhere. Our customers expect safe, quality-tested products safely delivered by our team.

At Scandinavian Medical Solutions, the UN Global Compact principles are not simply a box we tick but integral to our business philosophy. We understand that our operations impact society, and we strive to create value through our efforts and continuously seek to improve our performance.

By prioritizing sustainability, we aim to create long-term value for our stakeholders and make a meaningful impact in the communities where we operate.

In last year's annual report, Scandinavian Medical Solutions presented three overall ESG priorities and targets to contribute to public health worldwide and minimize the climate footprint connected to our specific business. As a company, we are committed to doing our part, and we have implemented several measures to ensure that our resources and components are reused whenever possible. We are excited to announce concrete figures demonstrating our responsible consumption and recycling efforts. We believe in being transparent about our progress and are committed to continuously improving our practices.

Scandinavian Medical Solutions has published three measurable objectives in its 2021/22 annual report. These objectives include writing on the recycling of helium and system components and publishing the number and distribution of systems sold to customers in developing countries.

MOVING FORWARD, WE WILL WORK TO IMPROVE OUR RECYCLING EFFORTS AND FIND INNOVATIVE WAYS TO REDUCE WASTE. EVERY SMALL STEP COUNTS TOWARDS CREATING A SUSTAINABLE FUTURE, AND WE ARE PROUD TO BE AT THE FOREFRONT OF THIS MOVEMENT.



Recycling the liquid gold of MRIs

Helium plays a vital role in magnetic resonance imaging (MRI) – the gas is used as a cooling agent in many MRI scanners. The gas adopts a liquid state at a temperature of -269 Celsius, and it is the only medium cold enough to rid metals of their electrical resistance – enabling them to generate stable magnetic fields.

Helium recycling is a process that is becoming increasingly important as helium is a rare element – at least on our planet. Scandinavian Medical Solutions aims to recycle as much helium as possible when retrieving helium from shipped warm scanners.

Recycling helium involves capturing the gas and purifying it for it to be reused in various applications - this can be a complex process, but it is well worth the effort.

In 2022/23, Scandinavian Medical Solution captured and reused 3.522 liters of helium and 17 MRI scanners at our warehouse in Aalborg, Denmark, filled with recycled helium.

Our aim in the upcoming financial year is to improve our procedures – but for scheduling helium retrievals and helium filling – to ensure we get as much usage from the already available helium.

Recycling of system components

With the establishment of our Parts & After Sales department in Scandinavian Medical Solutions, the company now has the necessary skills and sales channels to pass on well-functioning components to already installed systems in the healthcare sector. We can ensure that systems can be well-serviced for many years to come.

Components from systems that have reached the final stage in their lifecycle – called Legacy systems – are still installed and attractive to many customers – harvesting components from such systems will help ensure a pro-longed lifecycle. This means that components that would have otherwise been discarded can now be re-used, saving time and money.

Through this approach, Scandinavian Medical Solutions demonstrates our commitment to responsible resource management and providing quality and reliable components to healthcare institutions. It is a win-win situation for all parties involved and a step in the right direction towards a more sustainable future.

In the financial year of 2022/23, the After Sales & Parts department of Scandinavian Medical Solutions sold and moved a total of 9211,5 kilograms of both new and used parts. 27.6 % of all sold parts and components have been pre-used, having a prolonged lifecycle.

Systems sold to customers in developing countries

Scandinavian Medical Solutions sells systems worldwide, and we are proud of every sale – as each system sale contributes to recycling and the circular economy.

Secondly, each sale can help improve scan capacity, e.g., in clinics and hospitals in developing countries.

In industrialized countries, hospitals often replace their diagnostic imaging equipment with newer models – typically after 5 -8 years, even though the equipment is fully functional. Such equipment is by no means obsolete. Scandinavian Medical Solutions facilitates access to pre-owned equipment and scanners at a lower cost, allowing hospitals with limited budgets to acquire necessary – lifesaving – equipment for faster diagnosis and more effective treatment.

This is particularly important for developing countries, where access to modern medical equipment is often limited. The World Bank defines developing countries as those with annual gross national income of less than 9,265 dollars per capita.

These countries are classified into low-income and middle-income categories, with low-income countries having annual gross national income per capita of less than 755 dollars. By providing access to used medical equipment, companies like Scandinavian Medical Solutions contribute to better healthcare.

In the financial year of 2022/23, Scandinavian Medical Solutions sold eight systems to customers from developing countries. In this relation, it is essential to emphasize that the company – as a B2B company and reseller of equipment – mainly sells to International Service Organizations (ISO), who have clients waiting for the specific equipment.

A man in a dark suit and light shirt is presenting to an audience. He is holding a clipboard and gesturing with his right hand. The background is a blurred industrial or office setting with blue lighting. The number '2261' is visible on a wall in the background. The word 'STATEMENTS' is overlaid in large white letters on the left side of the image.

STATEMENTS

STATEMENT BY THE BOARD OF DIRECTORS & EXECUTIVE BOARD

The Board of Directors and the Executive Board have today discussed and approved the annual report of Scandinavian Medical Solutions A/S for the financial year 1 October 2022 – 30 September 2023.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 September 2023 and of the results of the Company's operations and cash flows for the financial year 1 October 2022 – 30 September 2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

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

Aalborg, 20 November 2023

Executive Board

JENS KROHN
CEO

JENS HVID PAULSEN
CPO

Board of Directors

MILLE TRAM LUX
Chairman

ANNE KAPTAIN
Deputy Chairman

MORTEN RASMUSSEN
Board Member

JAKOB HAVE
Board Member



INDEPENDENT AUDITOR'S REPORT

To the shareholders of Scandinavian Medical Solutions A/S

Opinion

We have audited the financial statements of Scandinavian Medical Solutions A/S for the financial year 1 October 2022 – 30 September 2023 comprising income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position on 30 September 2023 and of the results of the Company's operations and cash flows for the financial year 1 October 2022 – 30 September 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control, that 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 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 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 company 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 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 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 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.

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

Statement on the Management's review

Management is responsible for the Management's review. Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed; we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

STEFFEN S. HANSEN

KPMG
State Authorised
Public Accountant
mne#32737

Aalborg, 20 November 2023

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

FINANCIAL STATEMENTS



PROFIT & LOSS STATEMENT 2022/23

DKK	NOTES	2022/23	2021/22
Net revenue		191,191,577	110,529,908
Cost of goods sold		-141,803,840	-80,383,274
Other external costs		-14,658,515	-7,466,817
Gross profit		34,729,222	22,679,817
Staff costs	1	-13,647,555	-7329,321
Depreciation		-4,455,023	-609,489
Operating profit		16,626,644	14,741,007
Financial income		143,718	224,477
Financial expenses		-976,832	-253,848
Profit before tax		15,793,530	14,711,636
Tax on profit for the year	2	-3,569,216	-3,338,892
Net profit		12,224,314	11,372,744
Proposed profit appropriation			
Retained earnings		12,224,314	11,372,744
Profit appropriation		12,224,314	11,372,744

BALANCE SHEET 2022/23

Assets DKK	NOTES	2022/23	2021/22
Operating equipment and fixtures		587,415	325,977
Leasehold improvements		798,338	936,033
Rental assets		46,885,872	11,885,534
Tangible fixed assets	3	48,271,625	13,147,544
Deposits		595,073	308,175
Financial assets	4	595,073	308,175
Non-current assets		48,866,698	13,455,719
Trading goods		83,195,894	51,546,407
Advance payments for inventory		2,729,729	4,629,932
Inventories		85,925,623	56,176,339
Receivables from sales and services	5	14,969,337	6,932,225
Deferred tax	6	234,980	96,188
Other receivables	5	5,923,062	1,488,576
Prepaid expenses	7	126,158	213,215
Receivables		21,253,537	8,730,204
Cash and cash equivalents		7,918,300	27,763,214
Total current assets		115,097,461	92,669,758
TOTAL ASSETS		163,964,159	106,125,477

BALANCE SHEET 2022/23

Liabilities DKK	NOTES	2022/23	2021/22
Share capital		1,092,667	1,090,000
Retained earnings		73,358,603	61,095,589
Equity		74,451,270	62,185,589
Other provisions		0	337,282
Provisions		0	337,282
Accrued joint taxation contributions		0	3,271,398
Lease liabilities		17,689,959	0
Non-current liabilities other than provisions	8	17,689,959	3,271,398
Short-term lease liabilities		3,454,088	0
Debt to financial institutions		7,459,554	105,558
Prepayments from customers		16,525,275	11,832,988
Trade payables		33,682,162	25,360,222
Income tax		6,873,824	2,383,118
Other liabilities		3,828,027	649,321
Current liabilities other than provisions		71,822,930	40,331,207
Total liabilities other than provisions		89,512,889	43,939,888
TOTAL EQUITY AND LIABILITIES		163,964,159	106,125,477
Non-recognized lease and rental liabilities	9		
Contingent liabilities	10		
Pledges and collateral	11		
Related parties	12		

STATEMENT OF CHANGES IN EQUITY 2022/23

DKK	Share capital	Retained earnings	In total
Equity 1 October 2022	1,090,000	61,095,589	62,185,589
Exercise of warrants	2,667	63,999	66,666
Costs of equity	0	-25,300	-25,300
Profit for the year	0	12,224,315	12,224,315
Equity 30 September 2023	1,092,667	73,358,603	74,451,270
Costs of equity consist of costs in connection with capital increase.			

The company does not own treasury shares as of 30 september 2023.

CASH FLOW STATEMENT 2022/23

DKK	NOTES	2022/23	2021/22
Operating profit		16,626,644	14,741,007
Depreciations and amortization		4,455,023	609,489
Change in net working capital		-26,383,732	-25,734,003
Cash generated from operations		- 5,302,065	- 10,383,507
Financial income received		143,718	224,477
Financial expenses paid		- 718,482	- 246,806
Paid tax		- 2,488,700	- 167,069
Cash flow from operating activities		-8,365,529	-10,572,905
Purchase of tangible fixed assets		- 40,819,914	- 13,757,033
Sale of tangible fixed assets		1,240,810	0
Purchase of financial assets		- 286,898	- 10,874
Cash flow from investing activities		-39,866,002	- 13,767,907
Free cash flow generated by operations and investments before financing		-48,231,531	- 24,340,812

DKK	NOTES	2022/23	2021/22
Capital increase		66,666	30,000,000
Costs associated with changes in capital increase		- 25,300	- 3,296,737
Proceeds from new leasing debt		22,734,641	0
Repayments leasing debt		- 1,590,594	0
Cash flows from financing activities		21,185,413	26,703,263
Change in cash and cash equivalents		-27,046,118	2,362,451
Cash and cash equivalents beginning of year		27,763,214	25,400,763
Foreign currency adjustment		- 258,350	0
Cash and cash equivalents end of year		458,746	27,763,214



NOTES & ACCOUNTING POLICIES

NOTES

1. STAFF COSTS

	2022/23	2021/22
Wages and salaries	11,881,196	6,440,066
Pension (defined contribution)	1,475,410	787,124
Other costs social security	290,949	88,078
Other staff costs	0	14,052
	13,647,555	7,329,321
Average number of full-time employees	20	12
Executive Board	2,799,240	2,513,319
Board of Directors	350,000	300,000
	3,149,240	2,813,319

	Warrants granted 2022/23	Warrants granted 2021/22
Outstanding warrants 1 October 2022	0	200,000
Granted	356,000	-
Exercised		66,666
Expired	-	-
Outstanding warrants per 30 September 2023	356,000	133,334
Strike price	1,5 DKK	1 DKK
Residual exercising period	49 months	37 months

Share options have been granted in accordance with clause 4.6 in the company articles of association. The specifics of the program can be found in appendix 1 to the articles of association.

556,000 warrants, equal to 2% of all shares, have been granted exclusively to the sales organization in two separate grants during the on-boarding process for the sales employees. The warrants will vest in three portions and can be exercised over four years from the beginning of each grant subject to continued employment. Each warrant provides the right to buy one newly issued share at the agreed exercise price. At the end of the financial year 22/23 all vested warrants were exercised.

Further grants have not been addressed by the board.

2. INCOME TAX EXPENSE

DKK	2022/23	2021/22
Current tax	3,602,426	3,271,398
Prior year adjustment	105,582	156,956
Adjustment of deferred tax	-138,792	-89,462
	3,569,216	3,338,892

3. TANGIBLE FIXED ASSETS

Total additions amount to DKK 40,820 thousand, of which DKK 22,735 thousand subsequently has been financed through lease arrangements.

	Operating equipment and fixtures DKK	Leasehold improvements DKK	Rental assets DKK
Cost price beginning of year	419,869	1,016,204	12,393,432
Additions	368,062	34,000	40,417,852
Disposals	-	-	-1,243,984
Cost price end of year	787,931	1,050,204	51,567,300
Depreciation beginning of year	93,892	80,171	507,898
Depreciation for the year	106,624	171,695	4,268,902
Depreciation on disposals	-	-	-95,372
Depreciation end of year	200,516	251,866	4,681,428
Carrying amount end of year	587,415	798,338	46,885,872
Of which are financed under finance lease			21,828,280

4. FINANCIAL ASSETS

Deposits DKK	
Cost price beginning of year	308,175
Additions	286,898
Cost price end of year	595,073
Depreciation end of year	0
Carrying amount end of year	595,073

5. RECEIVABLES

Receivables have been written down with DKK 1,537 thousands in 2022/23.

6. DEFERRED TAX

Deferred tax includes tangible fixed assets and leasing debt.

DKK	2022/23	2021/22
Deferred tax beginning of year	96,188	6,726
Adjustment of deferred tax for the year	138,792	89,462
Deferred tax end of year	234,980	96,188

7. PREPAID EXPENSES

Prepaid expenses consist of prepaid costs.

8. NON-CURRENT LIABILITIES

Lease liabilities amount to DKK 21,144 thousand, of which DKK 0 thousand is due after five years.

9. NON-RECOGNIZED LEASE & RENTAL LIABILITIES

The company has entered into operating leasing agreements with an average annual performance of DKK 390 thousand. The leasing agreements have a remaining term of up to 11 months, with a total residual obligation of DKK 274 thousand.

The company has entered into rent obligations with an average annual payment of DKK 1,426 thousand. The leases have a remaining minimum lease term of up to 34 months, with a total residual liability of DKK 1,710 thousand.

10. CONTINGENT LIABILITIES

The company was until 21 November 2022 jointly taxed with all Danish-affiliated companies, but is hereafter independently taxed due to changes in the ownership structure. The Danish entities were jointly and severally liable for tax on the Group's jointly taxed income until end of the joint taxation. The jointly taxed entities' total net liability to SKAT amounted to DKK 2,810 thousand at 30 September 2023. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail an increase in the entities' liability. The Group as a whole is not liable to any other parties.

11. PLEDGES & COLLATERAL

As security, there is a registered mortgage deed of DKK 1,500 thousand and a floating charge of DKK 14,000 thousand comprising inventories, operating assets, and receivables from sales. The accounting value of the pledged assets amounts to DKK 133,388 thousand as of 30 September 2023.

Rental assets financed under finance lease with a carrying amount of DKK 21,828 are pledged towards the leasing company.

12. RELATED PARTIES

Related parties comprise the Board of Directors, Executive Board, their close family members and companies.

No owners has control.

Through holding-companies CEO Jens Krohn has a ownership stake of 35.51 % of the company and thereby significant influence.

The company has chosen to only disclose transactions that have not been carried out under normal market conditions in accordance with section 97 c, subsection of the Annual Accounts Act. 7. No such transactions have taken place.

ACCOUNTING POLICIES

The annual report has been prepared in accordance with Danish financial statements legislation as well as generally accepted accounting principles.

The annual report has been prepared in accordance with the provisions applying the reporting class c medium-sized entities under the Danish Financial Statements Act.

These policies have been consistently applied to all the years presented.

RECOGNITION & MEASUREMENT

Assets are recognized in the balance sheet when, because of a past event, it is probable that future economic benefits will flow to the company and when the asset's value can be reliably measured. Liabilities are recognized in the balance sheet when, because of a past event, the company has a legal or actual obligation, and it is probable that future financial benefits will flow from the company and the value of the obligation can be measured reliably.

On initial recognition, assets and liabilities are measured at cost price. Measurement after initial recognition is done as described for each accounting item below. On recognition and measurement, anticipated losses and risks that appear before presentation of the annual report and which confirm or invalidate conditions existing at the balance sheet date are considered.

The income is recognized in the income statement as earned. Furthermore, all costs incurred to earn the profit for year have been recognized in the income statement.

FOREIGN CURRENCY TRANSLATION

The Company uses DKK as its functional and presentation currency. Transactions in foreign currency will be translated upon initial recognition at the exchange rate on the day of the transaction. Receivables, liabilities, and other monetary items in foreign currency that have not been settled on the balance sheet date are converted at the balance sheet date's exchange rate. Exchange rate differences that arise between the exchange rate on the day of the transaction and the exchange rate on the payment date and the balance sheet date are recognized in the income statement as financial items. Tangible and intangible fixed assets, inventories, and other non-monetary assets purchased in foreign currency are converted at historical rates.

NET REVENUE

Net revenue from the sale of parts and equipment is recognized in the income statement when delivery and risk transfer to the buyer has occurred. Net revenue from service is recognized over time.

Lease income from rental assets is recognized in the income statement ratably over the term of the agreements.

Net revenue is recognized excluding VAT, taxes, and discounts in connection with the sale and is measured at the fair value of the fixed consideration.

COST OF GOODS SOLD

Cost of goods sold includes the financial year's cost of sales measured at cost price, adjusted for usual inventory write-downs.

OTHER EXTERNAL COSTS

Other external costs include costs related to the company's primary activities, including premises, office maintenance, sales, promotion, etc.

STAFF COSTS

Staff costs include wages and salaries as well as costs for social security, pensions, etc., for the company's employees.

WARRANTS

Warrants granted free of charge to the Company's employees, management and board of directors are regarded as transactions among shareholders and are therefore not recognized in the financial statements when granted. When warrants are exercised, the proceed is recognized in equity as capital contribution.

FINANCIAL INCOME

Financial income consists of interest income, including net exchange rate gains relating to transactions in foreign currency.

FINANCIAL EXPENSES

Financial expenses consist of interest costs, including net exchange rate losses relating to transactions in foreign currency and additional interest costs.

TAX

The financial year's tax, which consists of the year's current tax and changes to deferred tax, is recognized in the income statement with the part that can be attributed to the financial year's result and directly in equity with the part that can be attributed to entries directly in the equity.

The company was until 21 November 2022 jointly taxed with all Danish-affiliated companies but is hereafter independently taxed.

The current Danish corporation tax in the joint taxation period is distributed between the jointly taxed companies in proportion to their taxable income (full distribution with refund regarding tax losses). Joint tax contributions between the jointly taxed companies which have not been settled at the balance sheet date are classified as joint tax contributions in receivables or liabilities.

TANGIBLE FIXED ASSETS

Tangible fixed assets are measured at cost price with deduction of accumulated depreciation and write-downs. The cost price includes the acquisition price, costs directly associated with the acquisition, and costs for preparing the asset until the time the asset is ready to be used. The depreciation basis is cost price with a deduction of expected residual value after the end of the useful life. Straight-line depreciation is carried out based on the following assessment of the assets' expected valuable lives:

Operating equipment and fixtures	3 - 5 years
Leasehold improvements	5 - 7 years
Rental assets	4 -10 years

Estimate useful lives and residual values are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Tangible fixed assets under construction are recognised and measured at cost at the balance sheet date. When the asset is available for use, the cost is transferred to the relevant class of assets and depreciation begins. The carrying amount of tangible fixed assets is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Rental assets that cease to be rented and are available for sale to others in the course of the ordinary business, are transferred to inventories at their carrying amount when they become held for sale. Proceeds from the sale of such assets are recognized as revenue.

Gains and losses on the disposal of other tangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the item at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively

LEASES

On initial recognition, leases of tangible assets with Company as lessee that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When the net present value is calculated, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other fixed assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

Sale-and-finance-leaseback transactions are recognised as financing transactions with security in the underlying asset which is not derecognised. The finance lease liability is recognised at the received net proceed and subsequently measured at amortised cost.

For leasing contracts for rental assets with Company as lessor it is determined at initial recognition whether the contract is a finance or an operating lease. Finance leases are recognised as a sale of the underlying asset. For operating leases, the underlying asset is presented as rental assets and rental income is recognised straight-line over the rental period.

FINANCIAL ASSETS

Lease deposits are measured at cost price.

INVENTORY

Inventory is measured at cost price or net realizable value if this is lower. The cost price includes the acquisition price with the addition of purchase costs, helium, and packaging materials. The net realizable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined considering marketability, obsolescence and development in expected selling price.

RECEIVABLES

Receivables are measured at amortized cost price, which usually corresponds to nominal value, with deduction of write-downs to cover expected losses.

DEFERRED TAX

Deferred tax is measured according to the liability method. Provision has been made for deferred tax by 22% on all temporary differences between carrying amount and tax-based value of assets and liabilities. Deferred tax is also measured with respect to the planned use of the asset and the settlement of the liability.

PREPAYMENTS

Prepayments comprise prepayments of costs incurred relating to subsequent financial years. Accruals are measured at cost price.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash holdings.

PREPAYMENTS FROM CUSTOMERS

Customer prepayments received from customers include amounts received from customers prior to the time of delivery.

OTHER LIABILITIES

Other liabilities are measured at amortized cost, which typically corresponds to nominal value.

CASH FLOW STATEMENT

The cash flow statement shows cash flows relating to operations, investments, and financing as well as cash and cash equivalents at the beginning and end of the year. Cash flows relating to operating activities are presented according to the indirect method and are calculated as the operating result adjusted for non-cash operating items, change in working capital as well as paid financial income, financial expenses, and corporation tax.

Cash flows relating to investment activities include payments in connection with the purchase and sale of non-current assets. Cash flows relating to financing activities include changes in the size or composition of the company's capital and the costs associated with this, as well as the taking out of loans, repayment of interest-bearing debt, including leasing debt, purchase of treasury shares and payment of dividends. Cash and cash equivalents include cash holdings less overdraft facilities when they are repayable on demand, form an integral part of the Company's cash management and frequently fluctuates from positive to overdrawn.