Ferrosan
Medical Devices

ANNUAL REPORT

2022

“Making seconds count in surgical care”

Ferrosan Medical Devices develops and manufactures medical devices used in surgical procedures by health care professionals all over the world. Every two seconds a device from Ferrosan Medical Devices is used. We have a mission to provide innovative, effective, and safe medical devices that enable surgeons, nurses, and clinicians to perform surgical procedures as seamlessly as possible without complications. Making seconds count in surgical care.

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Business Registration No.: 37 80 83 42

LETTER FROM THE CHAIR

Change and continuity

Change and continuity are words that characterized 2022 for Ferrosan Medical Devices – and in many ways also the company's surrounding society and many stakeholders. The COVID-19 situation subsided, but the war in Ukraine, turbulent energy markets and uncertain financial outlooks presented new challenges, with inflation reappearing as a significant factor. In all, several new uncertainties and risks emerged in 2022. The year, on the other hand, also confirmed that Ferrosan Medical Devices is a business with continuity in uncertain times. The market for hemostatic medical devices is rooted in fundamental clinical needs of surgeons, nurses, and clinicians. Clinical needs that are largely detached from macroeconomic and political disturbances, reducing the negative impact on our business.

The competent professionals and leaders at Ferrosan Medical Devices led the company safely through 2022. Faced with the ongoing global logistics challenges, we worked closely with our sales and marketing partner Ethicon, Inc. to meet the demand for our devices from healthcare professionals around the world. We succeeded in improving quality and close to all other operational parameters that we measure. And finally, we managed to deliver satisfactory financial results.

I want to extend my warm gratitude to the leadership team, as well as all the dedicated professionals at Ferrosan Medical Devices. They have all worked hard and shown impressive commitment to deliver these strong results.

Furthermore, my sincere appreciation is directed to Ethicon, Inc., our sales and marketing partner for almost 30 years. Their strength, flexibility, and professionalism stand out even more profoundly in a year where so many external factors needed to be handled to ensure growth and delivery to hospitals all around the world.

Another significant element of change and continuity was the change in ownership of Ferrosan Medical Devices. After six years of Impilo and Kirk Kapital being the largest shareholders, the ownership changed in December 2022 when a consortium of Kirk Kapital, the Lundbeck Foundation, and ATP became the new owners of Ferrosan Medical Devices. New owners are often associated with uncertainty and disruptive change. However, the continuity of Kirk Kapital as the largest shareholder now, as well as the new owners clearly expressing support for the current strategy and leadership team of Ferrosan Medical Devices, enables us to continue the company's trajectory – a trajectory of strong growth through investments in research and development, operational capacity, and the new competencies required.

With the changed ownership, a new Board of Directors was appointed. I want to thank all the outgoing board members for their significant contribution over the years, and I look forward to continuing the growth journey with the new Board of Directors.

There are still many significant unsolved clinical needs to enable better control of bleeding in surgery and improved diagnostic biopsy sampling. Ferrosan Medical Devices has the opportunity, and an obligation, to pursue development of better solutions for surgeons, nurses, clinicians, and patients. We pledge to do so with increased and sharp focus on sustainability as well as emphasis on having a net positive impact on patients, our staff, the environment and our community.

Peter Kürstein
Chair of the Board of Directors

LETTER FROM THE CEO

Innovation and expansion

At Ferrosan Medical Devices our purpose is "making seconds count in surgical care". In 2022, demand for our devices continued to grow; last year, a device from Ferrosan Medical Devices was used every two seconds to serve the needs of surgeons, nurses and other healthcare professionals. Our continued growth trajectory was based on further geographical expansion with SURGIFLO™, gained market shares in the market for flowable hemostasis and increased market uptake of our electromechanical devices for biopsy sampling.

We have an objective to innovate and develop new medical devices that enable the use of our flowable hemostats in all types of surgical procedures and to ensure compatibility of our devices with new technologies in the operating room. In 2022, Ferrosan Medical Devices made good progress towards these objectives, investing 100 million Danish kroner in research and development as well as operational improvements.

In 2022, our operations were challenged, due to stressed global supply chains and very high demand for most materials and components. Despite this difficult environment, our employees managed to maintain perfect delivery performance. Delivery is a corner stone in Ferrosan Medical Devices, and we continue to invest in increased manufacturing capacity to accommodate current and future growth, as well as to improve our operations to serve our commercial partners – ultimately enabling us to help patients around the world.

When I joined Ferrosan Medical Devices in 2020, we embarked on a journey to become a more sustainable company. In 2022, we achieved good progress in areas across Environment, Social and Governance. However, we acknowledge that there is still a lot of work ahead of us to reach our targets. This is not an easy journey, but we are committed to minimizing our environmental footprint, acting responsibly in all aspects of our business, and creating a diverse, safe and healthy workplace for all employees. We are implementing the first initiatives to reduce our environmental footprint, and more projects are already planned. Going forward, we will pay more attention to our responsibility to secure a diverse workforce at all levels in the organization and ensure an inclusive and engaging culture where talent can develop and thrive.

In late 2022, a consortium of Kirk Kapital, the Lundbeck Foundation, and ATP became the new owners of Ferrosan Medical Devices. This meant that several board members left Ferrosan Medical Devices, and new board members joined us in December. I want to take this opportunity to thank the previous owners and former board members for their continuous support of the management team and for their great collaboration. I am also excited to work with the new board members on realizing the great potential of Ferrosan Medical Devices.

We expect the growth of Ferrosan Medical Devices to continue in 2023 driven by further geographical expansion and gaining market shares in a growing market due to underlying increase in surgical procedures as access to care increases.

I would like to thank all my colleagues for their dedication and hard work during a challenging and rewarding year, as well as our previous and current shareholders for their support.

Rasmus Hother le Fevre
Chief Executive Officer

01

Introducing Ferrosan Medical Devices

AT A GLANCE

A global leader in helping surgeons and nurses control bleeding in surgery

Ferrosan Medical Devices is an international medical device company that develops and manufactures medical devices used in surgical care by surgeons, nurses, and clinicians.

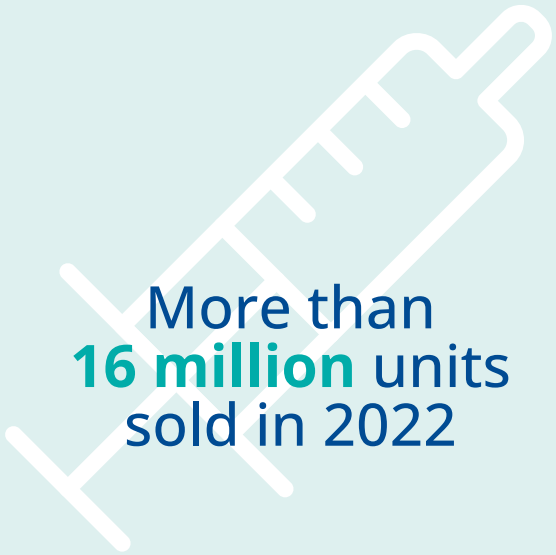
Ferrosan Medical Devices is a global leader in topical adjunctive hemostatic devices, helping surgeons and nurses to control bleeding in surgery. We collaborate closely with Ethicon, Inc., part of the Johnson & Johnson Medical Devices Companies, that is responsible for the sales and marketing of our hemostatic devices.

Our devices are sold under the SURGIFLO™, SPONGOSTAN™ and SURGIFOAM™ trademarks in more than 100 countries. Our devices are developed with a focus on safety, efficacy, and ease of use. Through our devices we aim to enable health care professionals to achieve the best possible clinical outcomes for their patients.

We also have strong capabilities in electromechanical medical device development and manufacturing, with a focus on diagnostic biopsy sampling. Together with our partner, we developed the world's first handheld, tetherless single insertion device to collect multiple samples during a breast biopsy procedure; this is used by physicians to diagnose breast cancer. Today, we manufacture the second-generation biopsy device at our manufacturing site in Poland.

We are approximately 360 dedicated people; 245 employees at our headquarters in Søborg, Denmark, and 115 employees in Szczecin, Poland.

Headquarters in **Denmark** and factory in **Poland**



More than **16 million** units sold in 2022

360+ employees

Products available in more than **100 countries**

OUR LEGACY

Growth sparked by innovation

Niels Jacob Herman Weitzmann established Ferrosan A/S in Copenhagen in 1920. In the beginning, the company developed, produced, and sold a series of supplements to treat iron deficiency and other pharmaceuticals.

In 1947, Jens Herman Bing published his research on the use of a gelatin sponge as an absorbable hemostatic agent for surgeons in the medical journal Acta Pharmacol. His research served as the foundation for Ferrosan A/S when developing and launching its first hemostatic device, the gelatin sponge SPONGOSTAN™.

Since then, the company has advanced hemostatic technologies and improved bleeding control during surgery, which benefits health care professionals and patients.

Based on the work by Jens Herman Bing, Ferrosan Medical Devices has kept innovating and pursued geographical expansion. Today, we have a portfolio with a range of innovative medical devices, focusing on biomaterial devices to control bleeding in surgery and electromechanical devices for diagnostic biopsy sampling, used by health care professionals in more than 100 countries.

Until 2010 Ferrosan A/S developed, produced, and sold prescription medicines, vitamin supplements, and hemostatic devices. To solely focus on hemostasis and medical devices, Ferrosan Medical Devices A/S was established that year, and the vitamin and pharmaceutical divisions were sold off. Since then, the company has experienced continuous double-digit annual growth sparked by the continual launch of innovative and effective medical devices.

Ferrosan Medical Devices' legacy demonstrates a dedication and commitment to developing innovative medical devices.

1947 — Our first hemostatic device, the gelatin sponge SPONGOSTAN™, entered the market

1995 — We partnered with Ethicon, Inc. to market hemostatic devices

1999 — We got FDA approval to enter the US market with hemostatic sponges SURGIFOAM™

2002 — Our hemostatic powder, SURGIFOAM™, was launched

2005 — We started selling the first-generation hemostatic flowable matrix SURGIFLO™ Classic

2009 — Our hemostatic flowable matrix with thrombin SURGIFLO™ True Kit was marketed

2011 — We launched the second-generation hemostatic flowable matrix SURGIFLO™

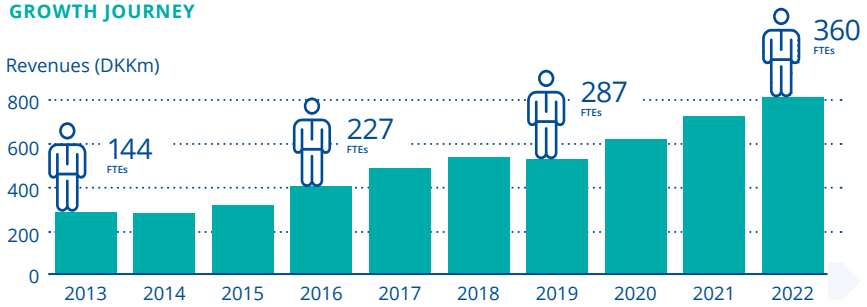
2015 — We started selling our third-generation hemostatic flowable matrix SURGIFLO™

2019 — Our second-generation single insertion device to take multiple breast biopsy samples was developed and made available

2013-2022 REVENUES CAGR

12%

GROWTH JOURNEY



OUR VALUES

The beliefs and principles that guide our behavior

At Ferrosan Medical Devices, we recognize that our people are paramount to achieving our strategic objectives and fulfilling our purpose of "making seconds count in surgical care". We believe that collective, as well as individual, success is achieved when we create an innovative environment where talents thrive and grow together.

We launched a new set of company values with associated behaviors in 2021. Our values and desired behaviors are reflections of our collective belief in how we want to lead and interact with each other at Ferrosan Medical Devices.

To further adopt and integrate our values, in 2022, we have updated our people processes and talent development frameworks to align with our values and desired behaviors. Today, all dialogue around employee performance, feedback and development has its point of departure in our values, as well as individual behavioral objectives.

"In the 17 years that I have been a part of Ferrosan Medical Devices, I have had many different responsibilities, working together with a lot of engaged colleagues across the company. What motivates me every day is the respect we show for each other, combined with the focus on also having fun while working."

Maria Gjellerup Møller
Principal Product Owner

PURPOSE: Making seconds count in surgical care

OUR VALUES	We ***CARE*** about each other and the difference we make	We ***OWN*** our decisions and actions, both individually and as a team	We ***WIN*** for patients and surgeons by being ambitious and innovative
OUR BEHAVIORS	We actively contribute to an engaging, fun, and healthy work environment. We are role models and foster an atmosphere of openness, respect, and care. We take responsibility for developing our company in a sustainable direction. We provide and request timely and constructive feedback.	We communicate clearly, set direction, and ensure alignment of expectations. We facilitate and foster collaboration. We delegate responsibility and empower our colleagues. We hold ourselves and others accountable. We promote and require a quality mindset.	We raise the bar for success and support each other's development. We drive and enable execution. We share knowledge and experience. We encourage curiosity and foster learning. We challenge the status quo to make things better, simpler, and more effective.

OUR BUSINESS MODEL

Discover. Design. Develop. Deliver.

Ferrosan Medical Devices develops and manufactures medical devices sold via partners in more than 100 countries. We offer a range of biomaterial devices to control bleeding in surgery and electromechanical devices for diagnostic biopsy sampling.

Ferrosan Medical Devices creates value in health care, globally, through an iterative model across user insights, research and development, production, and delivery. We constantly engage with experts, surgeons, nurses, and other healthcare professionals to monitor development, identify unmet needs, and develop new medical devices that solve real-life problems in surgical care. We put this at the center of our development of sustainable, innovative, and safe medical devices that enable healthcare professionals to achieve the best possible clinical outcomes for patients.

Ferrosan Medical Devices does not conduct sales and marketing activities. This is done by our strong commercial partners.

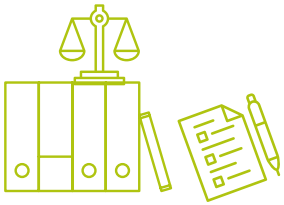
Our long-term strategy involves increasing the use of our current devices, including ensuring compatibility with new technologies, as well as developing the next generation of hemostatic devices. This happens in close collaboration with our innovation and sales partner Ethicon, Inc., part of the Johnson & Johnson Medical Devices Companies. Over the past four years, Ferrosan Medical Devices has invested around DKK 95 million in device development.

Identification of user needs

- We monitor the development of surgical care from both technical and clinical perspectives to discover relevant challenges and opportunities in the operating room
- We collaborate closely with global partners and surgical teams to identify and verify unmet user needs, which we put at the center of our innovation efforts

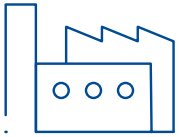
Research and development

- We translate verified user needs and requirements into technical features of potential new devices and come up with innovative concepts
- We design new solutions and create prototypes to prove the value of our concepts and designs
- We conduct usability studies and clinical evaluations with users and experts, verifying and documenting the effectiveness of the new devices to complete the development



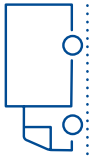
Regulatory filling and approval

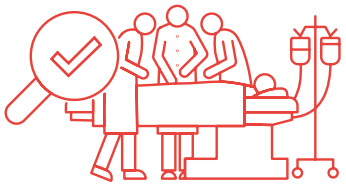
- We develop a regulatory strategy taking the regulatory requirements of relevant markets into consideration
- We prepare technical non-clinical and clinical documentation and set up regulatory files to get new devices approved for the market



Supply chain and manufacturing

- We set up internal manufacturing and packaging across our two sites, including quality control in our laboratories
- We establish a reliable supply chain that delivers high-quality medical devices to our partners





Quality assurance and device performance

- We monitor the use of our devices to get feedback on how our devices are performing
- We conduct post market surveillance according to regulatory requirements to ensure continuous safety and efficacy of our devices

OUR PRODUCTS

A strong portfolio

Ferrosan Medical Devices manufactures and sells a range of biomaterial medical devices to control bleeding in surgery, as well as different electromechanical devices.

Our biomaterial devices are gelatin-based adjunctive hemostatic agents used by trained clinical professionals in the operating room to control intraoperative bleeding in a fast and effective manner, allowing surgeons to carry out surgery.

The portfolio of hemostatic devices includes three formulations: flowable matrices, sponges, and powder. The devices are sold under the trademarks SURGIFLO™, SPONGOSTAN™ and SURGIFOAM™, and are all marketed and distributed in more than 100 countries through our partnership with Ethicon, Inc., part of the Johnson & Johnson Medical Devices Companies. Ferrosan Medical Devices is the legal manufacturer.

All devices are CE marked and FDA approved, and their quality is framed by Good Manufacturing Practice (GMP) regulations. Our biomaterial devices are regulatory Class III medical devices.

Our portfolio also includes electromechanical devices, focusing on diagnostic biopsy sampling. Our electromechanical devices are regulatory Class II medical devices.

Flowable hemostatic matrix

An advanced flowable gelatin-based matrix intended for hemostatic use. The flowable matrix can reach bleeding that occurs in tight and irregular spaces and where surgeons cannot see the exact source of bleeding – difficult to access bleeding.

The device is used to control bleeding in both open surgery and minimally invasive surgery.

Our flowable hemostatic matrix is sold under the SURGIFLO™ trademark.

Flowable hemostatic matrix kit with Thrombin

An advanced flowable gelatin-based matrix mixed with a thrombin constituent intended for hemostatic use. Thrombin is a human derived plasma protein that provides an ancillary effect to the innate hemostatic property of the flowable gelatin matrix. The flowable matrix can reach bleeding that occurs in tight and irregular spaces and where surgeons cannot see the exact source of bleeding – difficult to access bleeding.

The device is used to control bleeding in both open surgery and minimally invasive surgery.

Our flowable hemostatic matrix kit with thrombin is sold under the SURGIFLO™ trademark.

Hemostatic sponges

Absorbable gelatin sponges indicated for hemostatic use by application to a bleeding surface. The sponges are sterile, single-use medical devices provided in various sizes and shapes.

Our hemostatic sponges have more than 75 years of safe patient track records as an adjunctive gelatin hemostatic agent.

Our hemostatic gelatin sponges are sold under the SPONGOSTAN™ and SURGIFOAM™ trademarks.

Hemostatic powder

An absorbable hemostatic gelatin powder, the powder is saturated with a sterile sodium chloride solution. It is indicated for surgical procedures (except ophthalmic) for hemostatic use by application to a bleeding surface. It is a sterile, single-use medical device.

The powder can be used with thrombin[1].

Our hemostatic gelatin powder is sold under the SPONGOSTAN™ and SURGIFOAM™ trademarks.

Electromechanical devices

Electromechanical medical devices with a focus on diagnostic biopsy sampling. The main device is a second-generation biopsy device launched together with our global partner in 2019. It is an ergonomic, handheld, tetherless device that is inserted once to collect multiple biopsy samples.

We have also developed an automated disposable electronic pump with potential application in various market segments.

1 The use of thrombin is not covered by the CE certification and the H.S.A. approval of SPONGOSTAN™ Absorbable Hemostatic Gelatin Powder.

02

Business performance

SALES PERFORMANCE

Sustained growth and a positive outlook

For over 15 years, Ferrosan Medical Devices has delivered a strong and stable growth at attractive rates.

Revenues totaled DKK 810 million in 2022, increasing by 12% compared to 2021. In 2022, the main growth drivers continued to be our flowable hemostatic matrix kit with Thrombin and electromechanical devices.

All regions experienced stable growth, with both the Asia-Pacific region and EMEA (Europe, Middle East, and Africa) realizing around 20% in revenues growth in 2022. The Asia-Pacific region continues to be a driver of growth, with a five-year (2018–2022) compound annual revenues growth rate of 26%. Sales of the flowable hemostatic matrix kit with Thrombin in recently entered markets remain a driver for growth in the Asia-Pacific region.

The five-year compound annual revenues growth rate from 2018 to 2022 is 11%.

A recent study of the global market for topical hemostats estimate that the market will continue to grow by 3-4% annually over the long term. This is driven by increased surgical procedure volumes, due to aging populations and increased access to care.

It is expected that the market for flowable hemostatic devices will grow faster than the general market for topical hemostats. The flowable hemostats market is expected to grow at a 5-6% annual rate.

The demand for topical hemostatic devices is expected to grow across all geographic regions toward 2030, among other factors, driven by the increasing adoption of flowable hemostatic devices among surgeons. The highest growth rates are projected to be in the Asia-Pacific.

As we look to the future, we are confident that Ferrosan Medical Devices and our partners will be able to use the promising market development to sustain our growth trajectory. We plan to realize future growth by launching our flowable hemostatic matrix kit with Thrombin in even more countries, as well as make sure our devices are compatible with new technologies in the operating room.

We expect our revenues to increase to DKK 840-880 million in 2023.

EUROPE, MIDDLE EAST AND AFRICA	AMERICAS	ASIA-PACIFIC	GLOBAL
+20%	+9%	+21%	+12%
2022 GROWTH	2022 GROWTH	2022 GROWTH	2022 GROWTH
+10%	+9%	+26%	+11%
2018 – 2022 CAGR	2018 – 2022 CAGR	2018 – 2022 CAGR	2018 – 2022 CAGR

FINANCIAL REVIEW

Increasing revenues and earnings

2022 REVENUES (DKK MILLION)

810

The year 2022 was busy at Ferrosan Medical Devices with total revenues reaching DKK 810 million – a 12% increase compared to 2021. The company's gross profit amounted to DKK 605 million, resulting in a 75% gross margin. EBITDA increased to DKK 322 million with an EBITDA margin of 40%.

Increasing sales volumes positively affected the financial results of 2022. Profit margins were negatively impacted by a lower US dollar exchange rate and rising material costs.

Overall, the financial performance in 2022 was satisfactory.

Revenues

Ferrosan Medical Devices saw a 12% increase in revenues in 2022, reaching DKK 810 million compared to DKK 720 million in 2021.

The increasing revenues were attributable to successful market entries with SURGIFLO™, our commercial partners' continued ability to gain market share, and our own ability to maintain a consistently high level of delivery performance to meet the demand. Foreign exchange rates had a negative effect of approximately DKK 22 million on revenues compared to 2021.

Costs

The reported gross profit was DKK 605 million in 2022, up by 8% from the year before. The gross profit margin was 75%, which is lower than in 2021. The gross profit margin was negatively impacted by unfavorable development in foreign exchange rates and increasing costs of materials, components and freight due to pressure on global supply chains. The negative effects were partly cushioned by improved operational efficiency.

Fixed costs were generally at the same level in 2022 as in 2021.

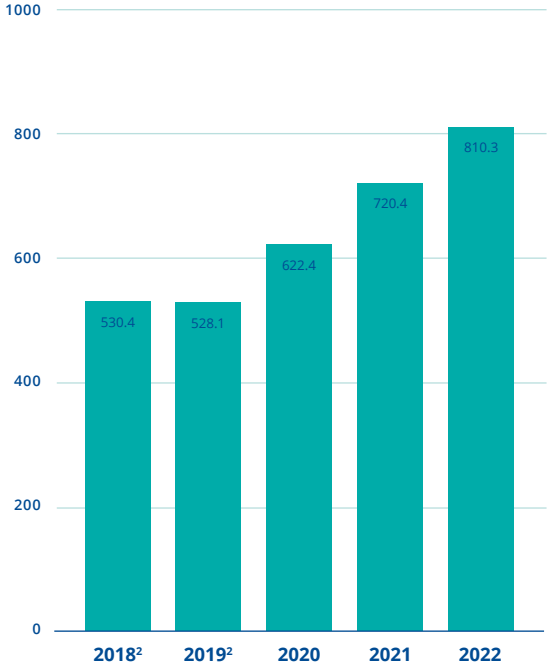
Earnings

Earnings before interest, taxes, depreciation and amortization (EBITDA) reached DKK 322 million in 2022, up 12% from DKK 286 million in 2021. The improved earnings are mainly due to increased revenues. The EBITDA margin in 2022 was 40%. The same as in 2021.

REVENUES

DKK million

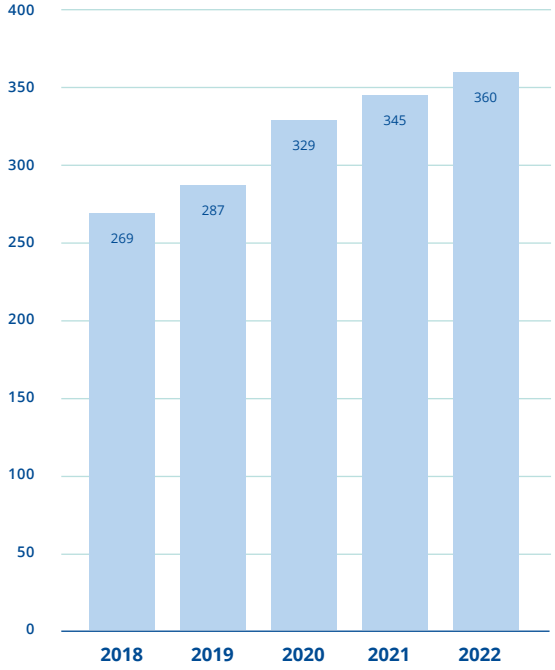
2018-2022 CAGR: 11%



FTEs

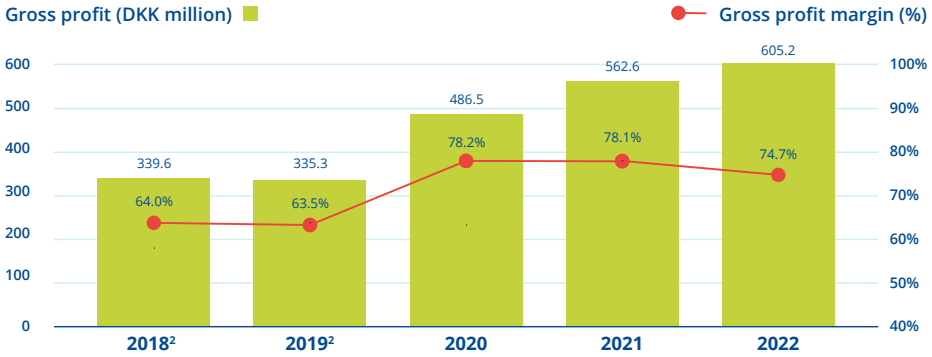
Full-time equivalent employees

2018-2022 CAGR: 8%

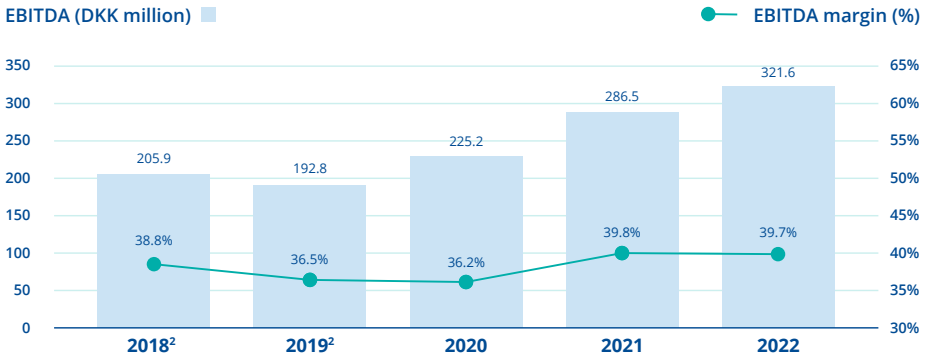


2 The key financial figures and ratios for 2018 and 2019 are presented in accordance with Danish GAAP.

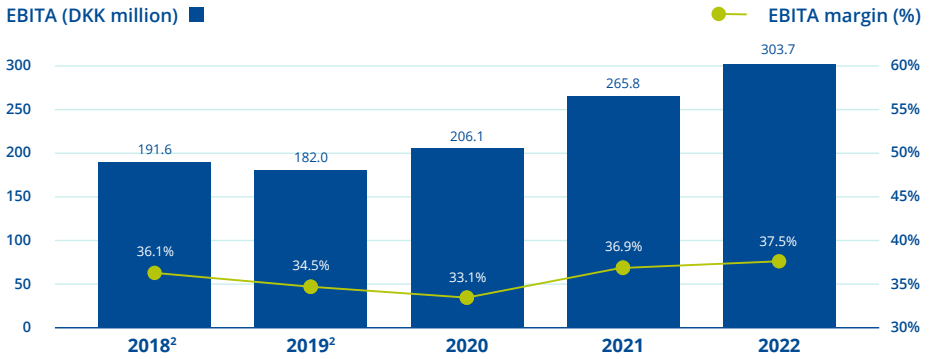
GROSS PROFIT AND GROSS PROFIT MARGIN



EBITDA AND EBITDA MARGIN



EBITA AND EBITA MARGIN



2 The key financial figures and ratios for 2018 and 2019 are presented in accordance with Danish GAAP.

2022 EBITDA (DKK MILLION)

322

2022 EBITDA MARGIN (%)

40%

Despite increasing material costs, higher salaries, and increasing energy prices, we expect that next year's EBITDA margin will be similar to that of previous years at 38-41%.

In 2022, depreciation, amortization, and impairment of acquired intangible assets added up to DKK -108 million. In 2021, they were DKK -100 million. Financial items were DKK -58 million, up from DKK -53 million compared to those in 2021. The financial items were mainly interest payments to financial institutions.

Earnings before taxes (EBT) were DKK 164 million in 2022. The year before, it was DKK 135 million. The effective tax rate was 17%, resulting in earnings after taxes (EAT) of DKK 137 million, an increase of 33% from 2021.

Other financial performance indicators

Ferrosan Medical Devices had a net working capital level of DKK 96 million in 2022. In 2021, it was DKK 97 million. Changes to net working capital are related to improvements of both other receivables and trade payables.

The operating cash flow was DKK 241 million in 2022, compared to DKK 166 million in 2021. Ferrosan Medical Devices invested DKK 99 million in 2021. Most of the investments were associated with innovation, capacity expansion and device development. In 2021, the company invested DKK 117 million.

Net cash flow ended at DKK 16 million in 2022.

As a result of its operations, investments, and financing, Ferrosan Medical Devices is exposed to inherent financial risks in the form of changes in exchange rates and interest rates, as well as credit risks and liquidity risks.

Ferrosan Medical Devices maintains a low financial risk profile, such that interest rate and credit risks only arise with substantial changes to the company's commercial conditions. The company is exposed to changes in the exchange rates of US dollar and Polish złoty. As of December 31st, 2022, the net interest-bearing debt was DKK 899 million.

Key financial figures and ratios

DKK'000	2022	2021	2020	2019[2]	2018[2]
STATEMENT OF PROFIT OR LOSS					
Revenue	810,291	720,355	622,364	528,081	530,390
Gross profit	605,189	562,558	486,545	335,276	339,603
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	321,555	286,499	225,229	192,805	205,932
Earnings before interest, taxes and amortisation (EBITA)	303,654	265,770	206,129	182,023	191,579
Earnings before interest and taxes (EBIT)	213,458	186,518	126,820	92,923	94,682
Net financials	(49,128)	(51,044)	(59,036)	(48,563)	(76,402)
Earnings before taxes (EBT)	164,330	135,474	67,784	44,360	18,280
Earnings after taxes (EAT)	136,854	102,856	50,753	22,889	(6,104)
STATEMENT OF FINANCIAL POSITION					
Investments in property, plant and equipment	48,699	90,026	47,452	22,425	2,970
Total assets	2,016,023	1,973,510	1,943,380	1,757,476	1,850,394
Equity	620,234	561,709	468,542	334,775	592,387
RATIOS					
Profit ratio (%)	16.9%	14.3%	8.2%	4.3%	(1.2)%
Gross Margin (%)	74.7%	78.1%	78.2%	63.5%	64.0%
Solvency ratio (%)	30.8%	28.5%	24.1%	19.0%	32.0%
Return on equity (%)	23.2%	20.0%	12.6%	4.9%	(0.9)%
EBITDA Margin (%)	39.7%	39.8%	36.2%	36.5%	38.8%
EBITA Margin (%)	37.5%	36.9%	33.1%	34.5%	36.1%
FTEs	360	345	329	287	269

Definition of Key Figures and Ratios

Profit ratio (%): Net Earnings after taxes / Revenue * 100

Gross margin (%): Gross profit / Revenue * 100

Solvency ration (%): Equity / Total assets * 100

Return on equity (%): Net Earnings after taxes / Avg. Equity * 100

EBITDA Margin (%): EBITDA / Revenue * 100

EBITA Margin (%): EBITA / Revenue * 100

Number of employees year end (FTE): Number of full-time equivalent employees (part-time employees translated into full-time employees) at the end of the year.

2 The key financial figures and ratios for 2018 and 2019 are presented in accordance with Danish GAAP.

SURGIFOAM™ absorbable gelatin powder production line in Søborg, Denmark

03 Sustainability and impact

SUSTAINABILITY AND IMPACT

Maximizing positive impact in health care while acting responsibly and minimizing environmental footprint

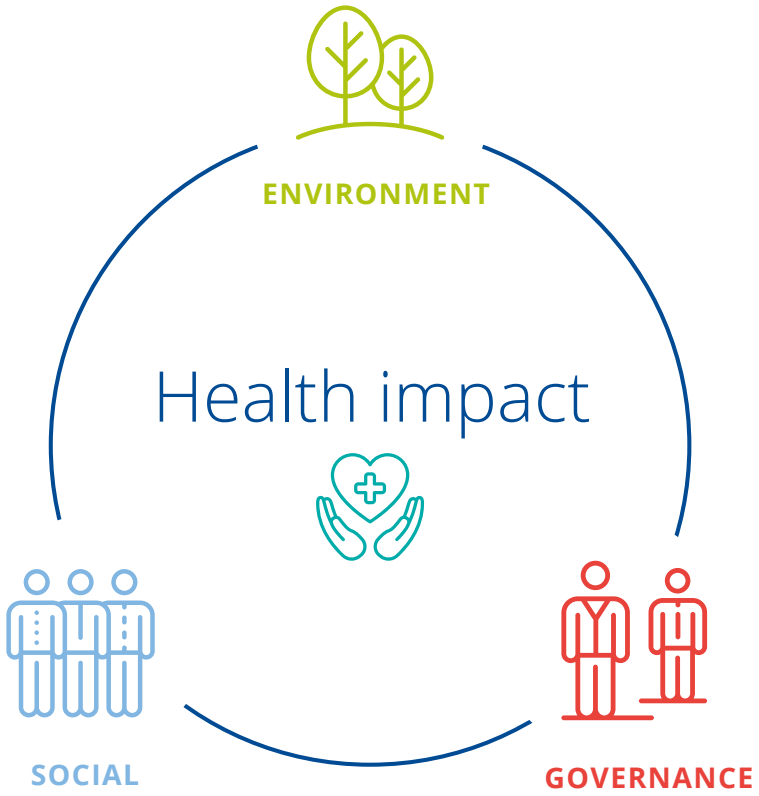
At Ferrosan Medical Devices, we recognize our responsibility for the impact we have on employees, our society, and the planet. We want to maximize the positive impact of our devices in health care for surgeons, nurses, patients, and society while minimizing our environmental footprint.

In 2022, we continued our work with sustainability across Environment, Social and Governance. Some of the notable events include optimizing energy consumption at our site in Søborg, conducting an internal analysis on diversity and inclusion, articulating and implementing guiding principles for sustainable innovation, and integrating a tool to quantify CO2 emissions from specific innovation design choices into our stage-gate project model.

Ferrosan Medical Devices has been awarded the silver sustainability rating by EcoVadis for 2023, based on our sustainability efforts in 2022. Our overall sustainability rating from EcoVadis has improved by 20%, and we exceeded the industry average in all four evaluated categories: Environment, labor and human rights, ethics, and sustainable procurement. This achievement places Ferrosan Medical Devices in the top 12% of over 100,000 companies evaluated by EcoVadis.

Maximizing impact in global health care

Everything done at Ferrosan Medical Devices is anchored in our purpose: "Making seconds count in surgical care". We are devoted to developing, manufacturing, and distributing safe and effective medical devices that enable surgeons and nurses, when performing surgical procedures, to help patients. Thus, the impact of our devices in health care is a natural part of our work with sustainability.



Ferrosan Medical Devices is committed to becoming a sustainable medical device company with a positive impact in health care globally.

Caring for our people, our society, and our planet

Ferrosan Medical Devices' sustainability efforts focus on environmental, social and governance (ESG) matters. We are committed to acting responsibly and sustainably in all aspects of our business, be it developing, producing or selling medical devices.

Ferrosan Medical Devices has developed and implemented an ESG framework to set targets and monitor performance against these targets. Our ESG framework employs key metrics defined by Nasdaq Copenhagen, the Danish Finance Society and FSR (Danish Auditors). We have added additional metrics to the framework, which are metrics considered relevant to our business specifically. As our work with sustainability evolves, we continue to adapt and improve data, disclosures, and metrics.

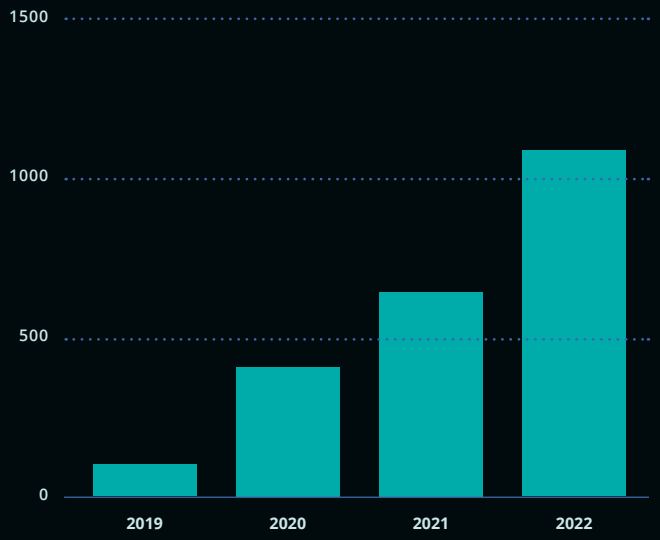
Our disclosures on ESG issues cover information on targets, initiatives, progress and plans.

HEALTH IMPACT

Enabling better clinical outcomes of surgical procedures

Ferrosan Medical Devices' products are developed to enable better clinical outcomes of surgical procedures, with a positive impact on health care. Today, our devices are used in surgical care by health care professionals all over the world.

ANNUAL INVESTMENTS IN HEMOSTATIC DEVICE INNOVATION AS SHARE OF REVENUES (2019=100)



Note: Investments include Ferrosan Medical Devices' net capitalized costs for innovation projects to improve our current hemostatic devices or develop new hemostatic devices. Revenues includes all sales of hemostatic devices. Due to a change in employed methodology, the figures above are not comparable to the figures in the 2021 annual report.

Ferrosan Medical Devices' products are sold in over 100 countries, and in 2022 our devices were used in approximately 16 million surgical procedures. This means that every two seconds one of our devices assisted a surgical procedure.

Studies show that achieving hemostasis in surgical procedures is critical in preventing excessive surgical bleeding, limiting bleeding-related complications, blood transfusions and ultimately use of more hospital resources.[3] Ferrosan Medical Devices' products, like SURGIFLO™, SURGIFOAM™ and SPONGOSTAN™, are used by surgeons and nurses to achieve hemostasis in different surgical settings.

Ferrosan Medical Devices' SURGIFLO™ is a flowable hemostatic matrix. Flowable hemostatic matrices are well-known to be effective in achieving hemostasis, with demonstrated safety and efficacy in various types of surgery.[4]

Ferrosan Medical Devices will continue its efforts to make its devices available to even more healthcare professionals globally and invest more in device innovation to advance health impact.

3 Michael E Stokes, Xin Ye, Manan Shah, Katie Mercaldi, Matthew W Reynolds, Marcia FT Rupnow and Jeffrey Hammond. Impact of bleeding-related complications and/or blood product transfusions on hospital costs in inpatient surgical patients. BMC Health Services Research. 2011; 11:135
4 Valls Palleja M, Almazan del Castillo R, Fernandez Soto R, Gay Molina JG, Zanela OO, Cabra HA, Sosa C, Sanchez D. Systematic revision and meta-analysis of gelatin-thrombin hemostatic matrices for bleeding control. Value in Health. 2016;19(3):A311. Conference: ISPOR 21st Annual International Meeting. Washington, DC. 2016.
5 Yunchang Wu, Yiqing Wu, Gaurav Gangoli, Anh Bourcet, Walter Danker III, Qianyi Gong, Huan Zhan, Wendong Chen and Zheng Wang. Using flowable gelatin in anterior cervical spine surgery in real-world practice: a retrospective cohort study. 2019; Journal of Comparative Effectiveness Research 8(1)
6 Krishnan S, Conner TM, Leslie R, Stemkowski S, Shander A. Choice of hemostatic agent and hospital length of stay in cardiovascular surgery. emin Cardiothorac Vasc Anesth. 2009 Dec;13(4):225-30. doi: 10.1177/1089253209351321. Epub 2009 Dec 1. PMID: 19951982.

Research shows that, when adequate rapid hemostasis is achieved in surgery, potential benefits include:[3,4,5,6]

- **Reduced time** of operation
- **Reduced blood loss** and need for blood transfusion in surgery
- **Reduced complications** during surgery
- **Reduced length** of surgery-related hospitalization
- **Reduced patient recovery** time after surgery
- **Reduced health care cost** from surgical procedures

ENVIRONMENT

Minimizing our environmental footprint

At Ferrosan Medical Devices, we share the concerns regarding climate change and recognize the environmental impact of our business. We are dedicated to reducing our environmental footprint and aim to integrate this commitment into our daily operations and decisions.

	Unit	Reference to frameworks	2022	2021	2020	2019
CO_2e, scope 1*	Tons	• GHG Protocol • GRI: 305-1, 305-2, 305-3 and 305-4 • SDG: 13 • UNGC: Principles 7 and 8 • Nasdaq (2019) ESG Reporting Guide 2.0, E1 and E2	1,223	1,240	-	-
CO_2e, scope 2	Tons		391	391	-	-
CO_2e, scope 3*	Tons		12,073	12,099	-	-
CO_2e intensity, scope 3*	Tons CO_2e per DKKm revenues		14.9	16.8		
CO_2e intensity, scope 1-3*	Tons CO_2e per DKKm revenues		16.9	19.1	-	-
Energy consumption**	Gigajoules	• GRI: 302-1 and 302-3 • SDG: 12 • UNGC: Principles 7 and 8 • Nasdaq (2019) ESG Reporting Guide 2.0, E3 and E4	38,264	37,724	33,287	34,412
Energy intensity**	Gigajoules per DKKm revenues		47.2	52.4	53.5	65.2
Renewable energy share**	% Renewables	• GRI: 302-1 • SDG: 7 • Nasdaq (2019) ESG Reporting Guide 2.0, E5	34	31	28	23
Waste generation	Tons	• GRI: 306-3 • SDG: 12	372	274	211	190
Water consumption	m^3	• GRI: 303-5 • SDG: 6 • Nasdaq (2019) ESG Reporting Guide 2.0, E6	23,945	20,422	14,599	15,561

Notes: Reporting is done for sites where Ferrosan Medical Devices has operational control. This includes all (two) sites, in Poland and Denmark.
* When calculating the CO2 emissions for 2022 the calculations for 2021 were updated based on improved data quality. Consequently, the scope 3 emissions for 2021 showed to be 8% lower than reported in last year's annual report. Scope 1 emissions for 2021 were also reduced by 40 tons with the update.
** In the 2021 annual report an incorrect rate was used for converting natural gas consumption in m3 to gigajoule. This has been corrected in the above table and the definitions.

Ferrosan Medical Devices recognizes that our operations have a negative impact on the environment, and we understand the risks of adverse effects of our greenhouse gas emissions on climate change. Energy consumption, material usage, and transportation activities are the primary sources of our environmental impact.

We acknowledge that climate change poses a long-term risk to both society and our company, and we will act on mitigating this risk. Ferrosan Medical Devices is committed to reduce emissions in line with the intention of the Paris Agreement to limit global warming to well below 2°C and pursuing efforts to limit it to 1.5°C.

In 2022, we revised our environmental targets to align them with the requirements and guidelines set by the Science Based Targets initiative (SBTi). This ensures that our targets remain in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement and that all definitions used are publicly available and unambiguous. It also makes target validation by SBTi possible if this would be considered relevant for Ferrosan Medical Devices in the future. Consequently, Ferrosan Medical Devices is committed to:

- Reducing scope 1 and 2 emissions at least 42% from 1,631 tons in 2021 (base year) to 946 tons in 2030.
- Reducing scope 3 emissions intensity at least 52% from 16.8 tons per DKK 1 million in revenues in 2021 (base year) to 8.1 tons per DKK 1 million in revenues in 2030.
- Reducing scope 1, 2, and 3 emissions to zero or to a residual level no later than 2050 and neutralizing any residual emissions thereafter.

Furthermore, we maintain our objective to procure 100% of the electricity directly consumed by Ferrosan Medical Devices from renewable sources by 2025. In 2023, we will also explore what is needed to reduce our scope 1 and 2 at a significantly faster pace than the minimum requirements by SBTi, to set a new more ambitious target.

Every year we calculate our CO2 emissions across scope 1, 2 and 3, and we are continuously adjusting the way we operate to reduce our environmental footprint. In 2022, we continued to source all electricity for our Danish site from wind energy, adopted a company policy to electrify our company car fleet and implemented energy optimizations at our sites.

From intention to action in 2023

Building on the baseline for monitoring and reporting that was established in 2021 and 2022, going forward must be about acting on reducing Ferrosan Medical Devices' environmental footprint.

To reduce our CO2 emissions, for 2023, we have initiated efforts to connect our site in Søborg to district heating, connect our site in Szczecin to renewable electricity, introduce more sustainable sterilization methods for our devices, change packaging materials, further enhance the focus on sustainability in innovation, and collaborate with our partners to move downstream transport from air to sea.

In 2023, we will also expand the list of initiatives to minimize our environmental footprint.

Relevant definitions:
CO2e, scope 1: Direct GHG emissions from owned or controlled sources, accounted for according to the GHG Protocol.
CO2e, scope 2: Indirect emissions due to purchase of electricity, heat, steam, etc. for use in owned and controlled activities, accounted for using the GHG Protocol. Reporting is market-based. Location-based scope 2 emissions were 853 tons in 2021 and 600 tons in 2022.
CO2e, scope 3: Indirect emissions (not included in scope 2) that occur in the value chain, including both upstream and downstream emissions, accounted for using the GHG Protocol.
Energy consumption: Total energy consumed from all sources, renewable and non-renewable sources, including energy purchased by the entity from external sources and energy generated by itself. Leased vehicles, incl. cars paid for by the company but used by employees for commuting, are not in scope for 2019-2022. Natural gas in m3 is multiplied by 0.03929 to convert to gigajoule. Electricity in kWh is multiplied by 0.00357 to convert to gigajoule.
Renewable energy share: Share of total energy consumption sourced from renewable energy sources. Renewable energy is any energy consumed by the entity from geothermal, solar, sustainably sourced biomass (including biogas), hydropower and wind energy sources.
Waste generation: Weight of all waste generated, excl. hazardous substances. Data is reported by external waste management company.
Water consumption: Amount of all water consumed, based on billing information.

To achieve long-term scope 3 emissions reductions, it is critical to make smart decisions when developing new devices. In 2022, we introduced a set of principles for sustainable innovation:

- **Materials:** We design resource-efficient devices that minimize material use and are made of materials with minimal carbon footprints.
- **Packaging and transportation:** We optimize packaging design and configurations to minimize material use and transportation.
- **Production and value chain:** We seek to improve the environmental impact of our entire value chain by cooperating with our suppliers on shared sustainability ambitions.
- **End-of-life:** We design for recycling and waste minimization and strive for a future with increased circularity of medical devices.

To employ the principles and enable more sustainable decision-making, we have incorporated a tool for quantifying CO2 emissions resulting from specific design choices. This tool is an integral part of our project stage-gate model.

SOCIAL

Creating a healthy, safe and diverse workplace

To successfully execute our strategy and realize our purpose, it is essential for Ferrosan Medical Devices to work with diverse perspectives and ideas, benefiting our business as well as surgeons, nurses, and patients worldwide. At Ferrosan Medical Devices, attracting and developing diverse talent while ensuring a healthy and safe environment with equal opportunities for all are important components.

	Unit	Reference to frameworks	2022	2021	2020	2019
Full-time workforce	FTEs		360	345	329	287
Gender diversity, all employees	% Women	• GRI: 102-8, 405-1 • UNGC: Principle 6 • Nasdaq (2019) ESG Reporting Guide 2.0, S4	54	55	-	-
Gender diversity, management	% Women		37	50	44	41
Gender pay ratio	Times	• GRI: 405-2 • UNGC: Principle 6 • Nasdaq (2019) ESG Reporting Guide 2.0, S2	1.1	1.1	-	-
Employee turnover ratio	% Turnover	• GRI: 401-1 • UNGC: Principle 6 • Nasdaq (2019) ESG Reporting Guide 2.0, S3	19	20	15	13
Sickness absence*	Days per FTE	• SDG: 8	11.2	10.1	8.9	10.0
Accidents w. absence	#	• GRI: 403-9 • UNGC: Principle 1 and 2 • SDG: 3 • Nasdaq (2019) ESG Reporting Guide 2.0, S3	7	4	2	-
Employee survey	Yes/No		Yes	Yes	Yes	Yes

Notes: * In 2022, we made an adjustment to the conversion rate from sickness absence in hours to days. To allow for comparison across years, this change is applied to 2019, 2020, 2021 as well. Consequently, the figures above a not comparable to the figures displayed in the 2021 Annual Report.

Ferrosan Medical Devices is committed to creating a healthy, safe, and attractive workplace for all employees. This includes fostering an environment that is respectful and free from discrimination and harassment. It is our responsibility to ensure that the employees feel respected and appreciated, and that they all have equal opportunities, regardless of their race, ethnicity, gender, gender identity, religion, sexual orientation, political views, age, nationality, disability, physical appearance, or other status.

As a manufacturing company we have a special focus on reducing risks of workplace accidents. In 2022, we saw an increase in accidents with absence at our two sites. We maintained our efforts to promote workplace safety throughout 2022 by conducting awareness-raising campaigns and implementing measures to reduce occupational injuries at our facilities. However, this will be given increased attention going forward to turn around the current development.

We launched a new set of corporate values and behaviors in 2021. In 2022, we further embedded these values and corresponding behaviors that embody our shared beliefs about leadership and interactions at Ferrosan Medical Devices. To enhance the integration and adoption of our values, we have updated our people processes and talent development frameworks to align with our values and desired behaviors. Going forward, all discussions regarding employee performance, feedback, and development begin with our values and individual behavioral objectives.

Working to create a safe, healthy, attractive, and equal workplace, Ferrosan Medical Devices remains committed to:

- Achieving zero accidents with absence every year.
- Reducing absence due to illness by 15% (2021 baseline) to 8.5 days per FTE by 2025.
- Reducing employee turnover ratio by 50% (2021 baseline) to 10% by 2025.
- Maintaining at least 40% representation of both genders (female and male) in management every year.

Ferrosan Medical Devices recognizes our obligation to not violate international labor rights and to promote and respect human rights throughout all our operations. This responsibility extends to our partners, who we also encourage to abide by these principles.

As we collaborate with many individuals and organizations throughout our value chain, there is an inherent risk of unethical behavior by employees and associated partners. To address this, we inform new employees about our policies on business ethics and encourage them to report any irregularities or inappropriate conduct to their immediate manager or through our whistleblower system. We also request that our suppliers comply with a set of accountability and social responsibility principles.

Relevant definitions:
Full-time workforce: Full-time equivalent employees (part-time employees translated into full-time employees) at the end of the year.
Gender diversity, all employees: Women full-time employees as share of all full-time employees.
Gender diversity, management: Share of management positions (Group Executive Management and next level of management (Directors, Senior Managers, Managers and Heads), excl. individuals with no direct reports) held by women.
Gender pay ratio: Ratio of median compensation of women to men for each employee category, by significant locations of operations. Calculations are based on compensation for full-time employees: base salary, incentive pay/bonuses and pension. Displayed figure is the weighted average of four employee groups: Operators employed in Denmark (ratio: 1.00), non-operators employed in Denmark (ratio: 1.08), operators employed in Poland (ratio: 0.97) and non-operators employed in Poland (ratio: 1.37).
Employee turnover ratio: Number of voluntary and involuntary leavers, incl. retirees, as share of total full-time equivalent employees (FTEs).
Sickness absence: Days of absence per total full-time equivalent employees (FTEs). Sickness absence includes days of absence due to own sickness and due to work-related illness. It does not include days of absence due to e.g., maternity/paternity leave, bereavement leave, and children's illness.
Accidents w/ absence: Occupational accidents leading to injury or ill health that results in death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness. In Denmark, accidents with absence are reported to Arbejdstilsynet.

Improving wellbeing and diversity in 2023

At Ferrosan Medical Devices, we strongly believe that a dynamic, ambitious and innovative work environment is integral to achieving success, and we are confident that a diverse and thriving organization is essential to creating this. To this end, we will maintain our efforts to make our company values a core part of the way we lead and interact with one another throughout 2023.

Like in society in general, in the previous year, Ferrosan Medical Devices observed an increase in stress signals among employees. We remain committed to further our efforts to support the health and wellbeing of our employees.

In 2023, we are taking action by launching our "Sustainable Wellbeing" program. This program is centered around open and honest dialogue, and it includes mandatory training for both managers and employees in stress awareness and dialogue techniques, optional team development workshops, and continuous follow-up. We also launch a "Life Phase" policy to communicate available solutions to support a flexible work life.

Ferrosan Medical Devices conducts an employee engagement survey three times per year to gather valuable feedback for managers. In addition, our management team engages in ongoing dialogue with employees to solicit feedback and takes appropriate action to enhance employee wellbeing, health, and engagement.

From a belief that differences in people and thoughts foster innovation, we continue our work with inclusion, equality, and diversity.

We have an established policy on diversity and inclusion, conduct an annual evaluation of gender diversity within our management groups, and in 2022 we also carried out an internal analysis on diversity and inclusion.

"Being part of a company with a diverse and budding culture combined with decades of experience has aided my learning curve and development significantly.

The culture at Ferrosan Medical Devices has made me believe in the company's ethos 'Care, Own, and Win' and provided a unique opportunity to grow and shine professionally and personally. I am ecstatic and proud to say that I have a sense of belonging in a company with high ambitions and a desire to contribute for the betterment of people."

Alvish Bharatbhai Lunagariya
Plastic Engineer

In 2023, we are launching a "Sustainable Wellbeing" program

We aim to achieve gender parity at all levels of the organization to the extent possible and meaningful.

In 2022, female representation in management dropped below our declared target of at least 40% representation of both genders (female and male) in management. We are investigating the reason for this development and will work to fulfill our target within the next two years.

Due to a low number of positions in both the Group Executive Management and the Board of Directors, we aim to have each gender represented by at least two members (i.e., target of 29%). The Group Executive Management has seven members: five men and two women. The Board of Directors has seven elected members: five men and two women. As such our targets are achieved and we deem the current gender distribution to be appropriate for the time being.

GOVERNANCE

Acting responsibly in all aspects of our business

Ferrosan Medical Devices is devoted to responsible conduct across all areas of our business, whether it be the development, production, or sale of medical devices. We expect all employees, regardless of their department, responsibility, or title, to act with integrity in all matters. We strive to work with third parties and partners who share values and ethical principles similar to our own.

	Unit	Reference to frameworks	2022	2021	2020	2019
Gender diversity, Board of Directors	% Women	• GRI: 405-1 • SDG: 10 • Nasdaq (2019) ESG Reporting Guide 2.0, G1	29	20	20	20
Board meeting attendance rate	% Attendance		94	100	97	90
CEO pay ratio	Times	• GRI: 102-38 • UNGC: Principle 6 • Nasdaq (2019) ESG Reporting Guide 2.0, S1	5.5	5.6	-	-

Sustainable governance is centered around establishing appropriate values, processes, policies, and systems to ensure the practice of high ethical standards and compliance with all laws, rules and regulations in the jurisdictions where the company operates.

At Ferrosan Medical Devices, sustainable governance is the responsibility of the Board of Directors and the Executive Board. The Executive Board is the CEO and CFO.

At Ferrosan Medical Devices, we support the UN Global Compact's Ten Principles and consider the respect for human rights and international labor rights integral to our company's operations. We are fully committed to preventing any involvement in human or labor rights abuses across all aspects of our business.

We have a policy on anti-corruption that explicitly prohibits all forms of corruption and corrupt behavior, such as extortion and bribery, irrespective of whether conducted by our employees or a third party acting on our behalf. We do not tolerate such behavior and expect all our employees to act with integrity and to uphold our values.

Ferrosan Medical Devices acknowledge the inherent risk of employees or partners behaving illegally or unethically, and we have implemented measures to prevent this. With these elements as integral parts to our operations and policies, we continuously mitigate relevant risks.

We consider the current risk of employees and partners violating human rights, labor rights or anti-corruption laws to be low.

In 2022, we continued to enforce good governance, focusing on advancing cyber security, by:

- Conducting cyber security tests at both our sites, conducted by external advisors.
- Strengthening cyber security based on findings of cyber security tests.
- Conducting employee awareness campaigns on cyber security and phishing.
- Formalizing a company policy on cyber security, data ethics, and information management

As per the requirements of the Danish Financial Statements Act, Article 99d, Ferrosan Medical Devices has a policy on cyber security, data ethics, and information management. We recognize the importance of a high standard regarding data privacy and data ethics, and we are committed to complying with all relevant laws, standards, and regulations. Across all aspects of our business, including those covered by the policy, we want to protect our employees, partners, and the company in general from illegal or damaging actions by individuals, either knowingly or unknowingly.

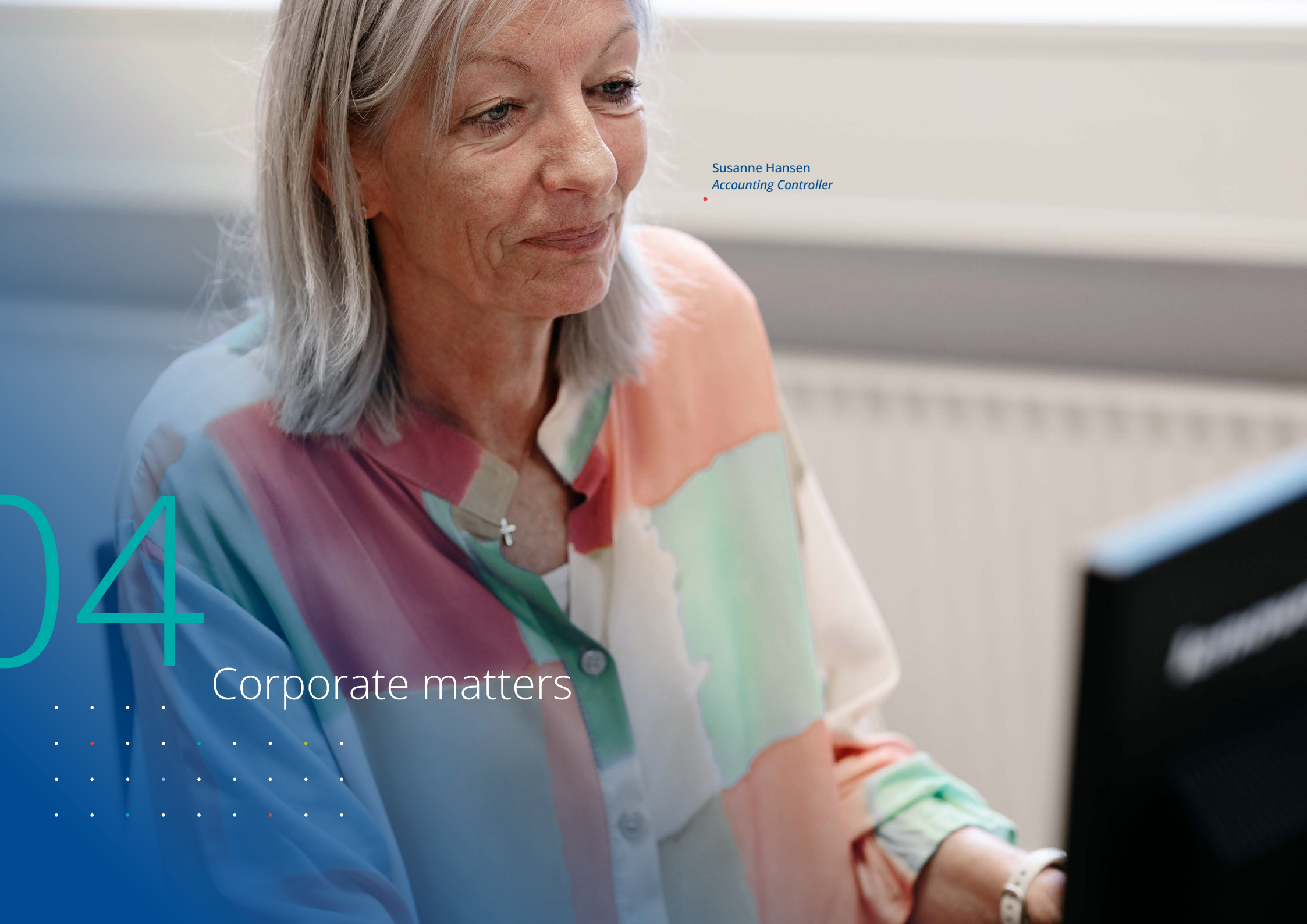
Remain a well-governed company in 2023

Throughout 2023, Ferrosan Medical Devices will continue to update and maintain our policies, processes, and systems to ensure effective governance.

New employees will continue to receive information on business ethics and be encouraged to report any instances of suspected unethical conduct, as part of our employee onboarding program. Ferrosan Medical Devices has an externally managed whistleblower system for internal and external individuals to report irregularities and inappropriate behavior via our website.

Relevant definitions:
Gender diversity, Board of Directors: Total board seats occupied by women, as compared to men. The 2022 result is based on the gender composition of the board per December 31, 2022. Five new board members joined the Board of Directors on December 20, 2022.
Board Meeting Attendance Rate: Times where a board member is absent, compared to the number of board meetings multiplied by number of board members.
CEO pay ratio: Ratio of median compensation of all full-time employees employed in Denmark to CEO compensation. Compensation includes base salary, incentive pay/bonuses, and pension.


Arnab Halder
Senior R&D Scientist
Daniel Moesby
Senior R&D Scientist



04 Corporate matters

Ownership

In 2022, a Danish consortium of long-term investors became the new owners of Ferrosan Medical Devices. Kirk Kapital increased its ownership to 40%, while ATP and the Lundbeck Foundation both acquired 30% each.

Kirk Kapital, ATP, and the Lundbeck Foundation became new owners of Ferrosan Medical Devices in 2022. They all recognize the great long-term potential of Ferrosan Medical Devices and are supportive of the continuation of the recent direction of the company: continuing investments in manufacturing capacity in both Denmark and Poland; capturing the potential of further geographical expansion and advancing development of new innovative medical devices – enabling better surgical care for patients all over the world.

The new Danish-based ownership provide solid healthcare experience and expertise, strong financial capabilities, and valuable continuity in the ownership.

Since 2010, Ferrosan Medical Devices has had different owners and Sonion Medical has been added to the group:

2010

Ferrosan Medical Devices was legally separated from Ferrosan A/S and established as an independent legal entity under the ownership of Altor Fund III

2012

Ferrosan Medical Devices acquired Sonion Medical from Sonion, expanding our business to include electromechanical medical devices

2016

A consortium of private investors led by Hans-Christian Bødker Jensen and Fredrik Strömholm acquired Ferrosan Medical Devices

2017

The Nordic-based investment company Impilo acquired majority control of Ferrosan Medical Devices

2022

"Kirk Kapital has been a 30% shareholder in Ferrosan Medical Devices since 2016, enabling me to closely follow the company's strong development for a number of years. I am convinced that Ferrosan Medical Devices has an exciting future ahead, continuing to develop advanced medical devices capable of helping even more patients in the years to come. I am delighted that Kirk Kapital is now increasing its shareholding in Ferrosan Medical Devices and that we have attracted such skilled and prominent co-shareholders as ATP and the Lundbeck Foundation."

Kim Gulstad
CEO, Kirk Kapital

Board of Directors

Peter Kürstein - *Chair*

Peter Kürstein holds an MBA from Harvard Business School.

Peter was the CEO of Radiometer from 2004 to 2015 and he served as Chair of the Board of Radiometer until 2021. In addition, he holds several board positions with companies, such as Bavarian Nordic A/S and Foss A/S and acts as an executive advisor for the FSN equity fund.

Peter has been the Chair of the Board of Directors of Ferrosan Medical Devices since 2016.

Kim Gulstad - *Deputy Chair*

Kim holds an M.Sc. in Applied Economics & Finance from Copenhagen Business School.

Kim has been the CEO of Kirk Kapital since 2017 and has more than 20 years of private equity and investment banking experience from Nordic Capital and Goldman Sachs. At Nordic Capital, he held several positions including Partner and Head of Norway. He managed funds and investments in selected companies across Northern Europe. Kim brings more than 15 years of experience from various board positions, mainly within healthcare, software, and logistics including Falck A/S, VivoMega AS, TACTON AB, Vizrt AS, DTE A/S and TITAN Containers A/S.

Kim has been on the Board of Directors of Ferrosan Medical Devices since 2022.

Mia Bielecki

Mia holds an M.Sc. in Chemistry from the University of Copenhagen.

Mia has more than 20 years of experience in MedTech and pharma R&D from her early career at Radiometer followed by a long tenure at Novo Nordisk with various roles, which included Vice President of Device Strategy & Process and Corporate Vice President of Device Research. She currently holds the position of Vice President, Global Device Development, Innovation Unit at Boehringer Ingelheim.

Mia has been on the Board of Directors of Ferrosan Medical Devices since 2022.

Arne Due-Hansen

Arne holds an MBA in Finance & Accounting from Copenhagen Business School.

Arne brings more than 36 years of experience in the financial sector, starting his career at Alfred Berg. He then spent 16 years at SEB Investment Banking, establishing activities in Denmark and taking on roles, such as Head of Corporate Finance and Managing Director. He most recently held the position of Senior Strategic Advisor at Danske Bank before joining the Lundbeck Foundation as Senior Vice President, Strategic Investments in 2022.

Arne has been on the Board of Directors of Ferrosan Medical Devices since 2022.

Ferrosan Medical Devices has a three-tier management structure. The Board of Directors appoints and supervises the Executive Board.

With the change of ownership, five new board members joined the Board of Directors at Ferrosan Medical Devices: Kim Gulstad (Kirk Kapital), Mia Bielecki (Boehringer Ingelheim Pharma), Arne Due-Hansen (the Lundbeck Foundation), Anja Bach Eriksson (ATP), and Allan Rasmussen (Coloplast).

The five new members join existing board members Peter Kürstein (Chair of the Board) and Staffan Percy Ternström (Medicover).

The Executive Board consists of the CEO and the CFO. The CEO and CFO are part of the Group Executive Management. The Group Executive Management has seven members and is headed by the CEO. It is the Group Executive Management that oversees the day-to-day management of the company.

Anja Bach Eriksson

Anja holds an M.Sc. in Applied Economics & Finance from Copenhagen Business School.

Anja currently serves as Vice President of Long Term Danish Capital at ATP. Anja has more than 15 years of experience from various positions in the financial sector, including Sampension, Dania Capital, and Goldman Sachs. She also brings extensive experience from the construction industry and a track record of professional board work, having served as the Chair of the Board at M.J. Eriksson Holding A/S and ANCOTRANS A/S, as well as Deputy Chair of Hus-Compagniet.

Anja has been on the Board of Directors of Ferrosan Medical Devices since 2022.

Allan Rasmussen

Allan holds a B.Sc. in Mechanical Engineering from the Technical University of Denmark and an Executive MBA from the Scandinavian International Management Institute (SIMI).

Allan brings more than 30 years of experience in medical devices from Coloplast, where he is currently serving as the Executive Vice President of Global Operations. He has held various roles through his tenure at Coloplast in all parts of the value chain, starting as a Mechanical Engineer and progressing to positions such as General Manager, Director of Volume Production, Vice President of Corporate Procurement, and Senior Vice President of Global Operations.

Allan has been on the Board of Directors of Ferrosan Medical Devices since 2022.

Staffan Percy Ternström

Staffan Ternström holds an M.Sc. in Business Economics from Gothenburg School of Economics.

Staffan has extensive experience within healthcare having worked for 20+ years in the medical device franchise of Johnson & Johnson in close collaboration with Ethicon, Inc. He has held president roles at Cordis and served as a Global Commercial Vice President at Mölnlycke Healthcare. Since 2018, Staffan has acted as the Chair of the Board of Directors at Ondosis and served as the CEO of Handicare from 2018-2020. Staffan currently holds the position of COO at Medicover.

Staffan has been on the Board of Directors of Ferrosan Medical Devices since 2018.

Group Executive Management

Rasmus Hother le Fevre
CEO

Rasmus holds an M.Sc. in Forestry at University of Copenhagen and has received executive training at Wharton Business School, Harvard Business School, and at IMD Business School.

Rasmus has had a career with various leadership positions within Novo Nordisk and, most recently, as CEO of Novo Nordisk Pharmatech.

Rasmus joined Ferrosan Medical Devices in March 2021.

Hans Henrik Pauk Pedersen
CFO

Hans Henrik holds an M.Sc. in Finance and Accounting from the University of Southern Denmark.

Hans Henrik has more than 16 years' experience in executive leadership and financial positions, latest as CEO of Verisure Denmark. Hans Henrik brings broad experience from banking and financial institutions, combined with previous CFO and CEO roles at Goodvalley.

Hans Henrik joined Ferrosan Medical Devices in February 2023.

Rasmus Iver Agesen
Vice President, Human Resources

Rasmus holds an M.Sc. in psychology from Copenhagen University.

Rasmus brings 12 years' experience from various roles within HR, latest as HR Director in Novo Nordisk. His primary experience is within strategic HR, leadership, organizational development, and cultural transformation coming from senior HR roles in pharma and management consulting in a broad range of industries.

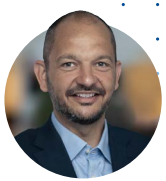
Rasmus joined Ferrosan Medical Devices in June 2021.

Camilla Hudtloff
Vice President, Quality Management and Regulatory Affairs

Camilla has an M.Sc. in Biochemistry with a major in Neurobiology from Copenhagen University.

Camilla comes with more than 25 years of experience from various pharmaceutical and medical device companies such as Novo Nordisk, Lundbeck, and Agilent.

Camilla Joined Ferrosan Medical Devices in January 2020.



Nis Jørgensen
Vice President, Operations

Nis holds an M.Sc. in Economics and Business Administration from Copenhagen Business School.

Nis has worked for Novo Nordisk for 22 years, most of the time in various management positions within product supply, covering API, component and finished goods manufacturing, supply chain management, logistics, quality control, and local manufacturing.

Nis joined Ferrosan Medical Devices in June 2021.

Jacek Kurcin
Vice President, Electromechanics

Jacek holds an M.Sc. in Industrial Automation from the Technical University in Szczecin.

Jacek brings more than 20 years of experience in operations and quality and has held various manager roles at Sonion, Crown Packaging, and Ferrosan Medical Devices. In his current role, Jacek is responsible for managing Ferrosan Medical Devices' facility in Szczecin, Poland.

Jacek rejoined Ferrosan Medical Devices in December 2020.

Signe Munk
Vice President, New Business Development

Signe holds an Ph.D. in Industrial Biotechnology from DTU, the Technical University of Denmark.

Signe has more than 20 years of experience in R&D and innovation experience from previous positions as Vice President of R&D at Novozymes and Hempel.

Signe joined Ferrosan Medical Devices in February 2019.

Risk Management

Ferrosan Medical Devices' activities include inherent risks, and the company will always be exposed to risks, which may have a negative impact on the financial results, daily operations, and future growth.

Ferrosan Medical Devices continuously identifies, evaluates, registers, prioritizes, and mitigates business risks. We work systematically with risk management to ensure that we are aware of possible unfavorable events that might impact our business performance. We have a set methodology, an aligned process, and a platform to ensure that we manage risks in a proactive manner.

Managing risks systematically is essential for us to create and protect value creation.

It is the Group Executive Management team, led by the CEO and CFO, that is responsible for identification and management of risks. This includes making sure that our risk register is updated, that significant risks are analyzed, and that prioritized risks are mitigated. All departments are involved in risk management – from identification to mitigation.

Ferrosan Medical Devices is currently focused on three areas of risk:

OPERABILITY AND CAPACITY IN MANUFACTURING

Delivering high-quality medical devices to our commercial partners is the corner stone of Ferrosan Medical Devices' business. As demand for our devices continues to rise, we remain cautious of our mature and manual manufacturing equipment, both internally and externally. Ensuring sufficient capacity in our manufacturing and preventing equipment breakdowns are critical to maintaining business continuity and protecting our reputation.

To ensure future operability and capacity, we developed an operations strategy in 2022. This strategy involves an evaluation of all internal and external processes based on capacity requirements, robustness needs, and compliance levels. It also includes a long-term plan for equipment upgrades and replacements.

We employ a structured and analytical approach to monitor equipment and conduct preventive maintenance in our daily operations.

PROTECTION AGAINST CYBERATTACKS AND CYBERCRIME

Cybercriminal activity, such as cybercrime and cyberattacks, continues to take place at an increasing rate. For Ferrosan Medical Devices, it is critical to protect our company against cyberattacks and cybercrime to preserve business continuity and safeguard sensitive data.

If Ferrosan Medical Devices is subject to malicious hacking, data leaks, theft of intellectual property rights or similar, it can have extensive negative consequences for us. For example, reputational damage, costly mitigation and possibly regulatory fines.

To reduce exposure to cybercrime and cyberattacks, we perform an annual investigation and test of our security systems and IT infrastructure with external partners. Through this process, we identify and categorize potential security gaps and take prompt action to address them. We carry out these exercises at our sites in both Poland and Denmark.

We also have systems in place to always monitor our systems and identify potential breaches. If a potential breach happens, we have processes in place to take immediate action if needed. For this purpose, we collaborate with cyber security experts and advisory firms.

ATTRACTION AND RETENTION OF TALENT

Attracting and retaining the right talent remain critical to Ferrosan Medical Devices for achieving our strategic objectives and realizing our purpose of "making seconds count in surgical care".

In 2022, we experienced a positive decline in employee turnover at our site in Denmark, reaching an improved level. Employee turnover at our Polish site is also declining, but remains at a high level. These positive developments demonstrate that our efforts to improve retention are working.

As a company operating in the rapidly growing life science industry in Denmark, we recognize the challenges posed by a shortage of talent and intense competition for skilled workers. Ferrosan Medical Devices is committed to addressing these challenges and taking proactive steps to attract and retain top talent.

To improve our ability to attract enough relevant talent, we continue to allocate extra resources for recruitment, enhance our ability to hire talents internationally, strengthen our partnerships with universities, and extend the reach of our external communications.

Lenette Høg
Compliance Program Manager

Kristina Berggren
Director, Project Execution Unit

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Statements

Statement by management

The Board of Directors and the Executive Board have, today, considered and adopted the Annual Report of Ferrosan Medical Devices Group A/S for the financial year 1 January to 31 December 2022.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. The Management Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position on 31 December 2022 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 January to 31 December 2022.

In our opinion, the Management Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

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

Søborg, 4 May 2023

Executive Board

Rasmus Hother le Fevre
CEO

Hans Henrik Pauk Pedersen
CFO

Board of Directors

Peter Henrik Kürstein-Jensen
Chair

Kim Gulstad
Deputy Chair

Mia Bielecki

Anja Bach Eriksson

Arne Due-Hansen

Allan Bjørn Rasmussen

Staffan Percy Ternström

Independent auditor's report

To the shareholders of Ferrosan Medical Devices Group A/S

Opinion
We have audited the consolidated financial statements and the parent financial statements of Ferrosan Medical Devices Group A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31.12.2022, and of the results of its operations and cash flows for the financial year 01.01.2022 - 31.12.2022 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Furthermore, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31.12.2022, and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent financial statements" section of this auditor's 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 the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Management's responsibilities for the consolidated financial statements and the parent financial statements
Management is responsible for the preparation of consolidated financial statements that give a true and fair viewin accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act as well as the preparation of parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and these parent 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 consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates andrelated disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent'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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Copenhagen, 4 May 2023

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Nikolaj Thomsen
State Authorised Public Accountant
Identification No (MNE) mne33276

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Consolidated financial statement

Consolidated financial statements

Statement of comprehensive income

DKK'000	Note	2022	2021
Revenue	4	810,291	720,355
Cost of sales		(205,102)	(157,797)
Gross profit		**605,189**	**562,558**
Staff costs	5	(197,637)	(172,721)
Other external expensens		(85,997)	(103,338)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**321,555**	**286,499**
Depreciation	7	(17,901)	(20,729)
Earnings before interest, taxes and amortisation (EBITA)		**303,654**	**265,770**
Amortisation and impairment losses	7	(90,196)	(79,252)
Earnings before interest and taxes (EBIT)		**213,458**	**186,518**
Financial income	8	8,430	1,775
Financial expenses	9	(57,558)	(52,819)
Earnings before taxes (EBT)		**164,330**	**135,474**
Tax for the year	10	(27,476)	(32,618)
Earnings after taxes (EAT)		**136,854**	**102,856**
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(303)	304
Value adjustment of hedging instruments		0	(2,148)
Income tax effect		0	473
Other comprehensive income for the year, net of tax		**(303)**	**(1,371)**
Total comprehensive income/loss		**136,551**	**101,485**

Balance sheet

DKK'000	Note	31/12/22	31/12/21
Completed development projects	11	19,436	7,222
Development project in progress	11, 12	79,710	50,710
Aquired intangible assets	11	887,977	953,942
Patents	11	2,891	1,043
Goodwill	11, 12	446,831	446,831
Property, plant and equipment	13	209,485	186,570
Right-of-use assets	14	115,861	119,844
Total non-current assets		**1,762,191**	**1,766,162**
Inventories	15	87,054	69,526
Trade receivables	16	127,585	107,291
Deferred tax	10	4,991	0
Other receivables		12,280	24,128
Prepayments		5,618	6,403
Cash		16,304	0
Total current assets		**253,832**	**207,348**
Total assets		**2,016,023**	**1,973,510**

DKK'000	Note	31/12/22	31/12/21
Share capital	18	5,157	4,905
Translation reserve		82	385
Retained earnings		614,995	556,419
Total equity		**620,234**	**561,709**
Deferred tax	10	209,738	214,810
Interest-bearing liabilites	19	873,234	750,200
Lease liabilities	14, 19	113,487	116,214
Total non-current liabilities		**1,196,459**	**1,081,244**
Interest-bearing liabilites	19	26,110	185,062
Lease liabilities	14	8,824	8,085
Trade payables		73,148	44,516
Current tax liability	10	33,500	33,292
Other payables		57,748	59,622
Total current liabilities		**199,330**	**330,577**
Total liabilities		**1,395,789**	**1,411,801**
Total equity and liabilities		**2,016,023**	**1,973,510**

Changes in equity

DKK'000	Share capital	Translation reserve	Retained earnings	Total
2022				
Balance at 1 January	**4,905**	**385**	**556,419**	**561,709**
Net Earnings after taxes (EAT) for the period	0	0	136,854	136,854
Exhange differences on transational of foreign operations	0	(303)	0	(303)
Total other comprehensive income	0	(303)	0	(303)
Total comprehensive income for the year	**0**	**(303)**	**136,854**	**136,551**
TRANSACTIONS WITH OWNERS				
Sale of treasury shares	0	0	3,658	3,658
Capital increase	252	0	39,143	39,395
Purchase of treasury shares and warrants	0	0	(121,079)	(121,079)
Total transactions with owners	**252**	**0**	**(78,278)**	**(78,026)**
Balance at 31 December	**5,157**	**82**	**614,995**	**620,234**

DKK'000	Share capital	Translation reserve	Hedging reserve	Retain earnings	Total
2021					
Balance at 1 January	**4,905**	**81**	**1,675**	**461,881**	**468,542**
Net Earnings after taxes (EAT) for the period	0	0	0	102,856	102,856
Exhange differences on transational of foreign operations	0	304	0	0	304
Dissolution of reserves	0	0	(2,148)	2,148	0
Value adjustments of hedging instruments	0	0	0	1,405	1,405
Income tax effect	0	0	473	0	(473)
Other comprehensive income	0	304	(1,675)	0	1,709
Total comprehensive income for the year	**0**	**304**	**(1,675)**	**105,936**	**104,565**
TRANSACTIONS WITH OWNERS					
Purchase of treasury shares and warrants	0	0	0	(13,385)	(13,385)
Sale of treasury shares	0	0	0	1,987	3,194
Total transactions with owners	**0**	**0**	**0**	**(11,398)**	**(11,398)**
Balance at 31 December	**4,905**	**385**	**0**	**556,419**	**561,709**

Cash flow statement

DKK'000	Note	2022	2021
Earnings before interest and taxes (EBIT)		213,458	186,518
Depreciation, amortisation and impairment losses	7	108,097	99,981
Change in working capital	17	1,569	(32,311)
Financial income received		8,430	1,775
Financial expenses paid		(52,865)	(54,798)
Income taxes refunded/(paid)		(37,300)	(35,637)
Cash flow from operating activities		**241,389**	**165,528**
Investments in intangible assets	11	(57,012)	(28,489)
Disposal of intangible assets	11	81	0
Investments in property plant and equipment	13	(48,699)	(88,640)
Disposal of property plant and equipment	13	7,072	0
Cash flow from investing activities		**(98,558)**	**(117,129)**
Proceeds from borrowings	19	0	60,000
Repayment of interest-bearing liabilities	19	(909,152)	(101,410)
Incurrence of debt to related parties	19	873,234	0
Payment of principal portion of lease liabilities	14	(13,019)	(12,383)
Cash capital increase		39,395	0
Purchase of treasury shares and warrants	18	(121,079)	(13,385)
Sale of treasury shares	18	3,658	1,987
Cash flow from financing activities		**(126,963)**	**(65,191)**
CHANGE IN CASH AND CASH EQUIVALENTS			
Cash, 1 January		0	17,191
The effect of exchange rate changes		436	(399)
Net cash flow		15,868	(16,792)
Cash 31 December		**16,304**	**0**

Notes

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2 Adoption of new and amended standards
3 Critical accounting judgements and key sources of estimation uncertainty
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Accounting policies

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and additional Danish disclosure requirements for the financial statements of reporting class C enterprises, cf. the Danish Executive Order on Adoption of IFRSs ("IFRSbekendtgørelsen") issued in accordance with the Danish Financial Statements Act ("DFSA").

Basis of preparation

The financial statements are presented in Danish kroner (DKK). All amounts have been rounded to the nearest DKK thousand, unless otherwise indicated.

The financial statements have been prepared on a going concern basis and in accordance with the historical cost convention, except where IFRS explicitly requires use of other values.

For the purpose of clarity, the financial statements and the notes to the financial statements are prepared using the concepts of materiality and relevance. This means that line items not considered material in terms of quantitative and qualitative measures or relevant to financial statement users are aggregated and presented together with other items in the financial statements. Similarly, information not considered material is not presented in the notes.

The accounting policies, except as described below, have been applied consistently during the financial year and for the comparative figures.

Basis of consolidation

The Consolidated Financial Statements comprise the Financial Statements of Ferrosan Medical Devices Group A/S (the Parent Company) and subsidiaries which are entities controlled by Ferrosan Medical Devices Group A/S. The Group controls an entity when it directly or indirectly owns more than 50% of the voting rights or may otherwise exercise a controlling influence.

Principles of consolidation

The Consolidated Financial Statements are prepared on the basis of the financial statements of the Parent Company and its subsidiaries.

The Consolidated Financial Statements are prepared by combining items of a uniform nature and subsequently eliminating intercompany transactions, internal shareholdings and balances and unrealised intercompany gains or losses. The financial statements used for consolidation are prepared in accordance with the Group's accounting policies.

The line items of subsidiaries are recognised 100% in the Consolidated Financial Statements. Investments in subsidiaries are offset by the interest's share of subsidiaries.

Accounting policies are described in full in this note below.

Foreign currency translation
Transactions denominated in currencies other than the functional currency are considered transactions in foreign currency.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange rate adjustments arising between the transaction date and at the date of payment are recognised in the statement of profit or loss in financial income or financial expenses.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates at the reporting date. The difference between the exchange rates at the reporting date and at the date of transaction or the exchange rate in the latest financial statements is recognised in the statement of profit or loss in financial income or financial expenses.

Cash flow statement
The cash flow statement is presented using the indirect method and shows cash flows from operating, investing and financing activities for the year as well as the Group's cash and cash equivalents at the beginning and end of the financial year.

Cash flows from operating activities are calculated based on Earnings before interest and taxes (EBIT), working capital changes, financial expenses paid and income tax paid.

Cash flows from investing activities comprise payments in connection with the acquisition and sale of non-current intangible assets, property, plant and equipment, and financial assets.

Cash flows from financing activities comprise payments arising from changes in the size or composition of the Group's share capital and dividend paid. Cash and cash equivalents comprise cash at bank and in hand.

Statement of profit or loss
Revenue
Revenue from sales of medical products are recognised in the income statement when the performance obligation is fulfilled. This is defined as the point in time when control of the good is transferred to the customer, the amount of revenue can be measured reliably and collection is probable. The transfer of control to customers takes place according to agreed delivery date. Furthermore, revenue is only recognised when it is highly probable that a significant reversal in the revenue amount will not occur.

Cost of sales
Cost of sales include costs of raw materials and consumables incurred in generating the revenue for the year. Within the cost of sales write-downs of the inventories are included.

Other external expenses
Other external expenses include the period's expenses relating to the Group's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, low-value and short-term leases, etc.

Staff costs
Staff costs consist of salaries and wages, bonuses, pensions and social costs, vacation pay, and other benefits. Salaries, bonuses, pensions and social costs, vacation pay, and other benefits are recognised in the year in which the associated services are rendered by the employees. The Group has entered into retirement benefit schemes and similar agreements with employees. Contributions to defined contribution plans are recognised in the statement of profit or loss in the period to which they relate and any contributions outstanding are recognised in the statement of financial position as other liabilities.

Financial income and financial expenses
Financial income and expenses include interest income, interest expense, amortisation of borrowing costs and realised and unrealised exchange gains and losses.

Tax
Tax on the profit or loss for the year comprises the year's current tax and changes in deferred tax. The tax expense relating to the profit or loss for the year is recognised in the statement of profit or loss, and the tax expense relating to items recognised in other comprehensive income and directly in equity, respectively, is recognised in other comprehensive income or directly in equity. Exchange rate adjustments of deferred tax are recognised as part of the adjustment of deferred tax for the year.

Current tax payable and receivable is recognised in the statement of financial position as the expected tax on the taxable income for the year, adjusted for tax paid on account. The current tax charge for the year is calculated based on the tax rates and rules enacted at the statement of financial position date.

Deferred tax is calculated using the liability method on all temporary differences between the accounting and taxable values of assets and liabilities.

Deferred tax assets are assessed yearly and only recognised to the extent that it is more likely than not that they can be utilised. Deferred tax assets, including the tax value of tax losses carried forward, are recognised as other non-current assets and measured at the amount at which they are expected to be realised, either by setting off deferred tax liabilities or by setting off tax on future earnings within the same legal entity or a jointly taxed entity.

Deferred tax is measured based on the tax legislation and statutory tax rates in the respective countries that will apply under the legislation in force on the statement of financial position date when the deferred tax asset is expected to crystallise as current tax. Changes in deferred tax resulting from changes in tax rates are recognised in the statement of profit or loss.

The Group recognises deferred tax assets relating to losses carried forward when Management finds that these can be offset against taxable income in the foreseeable future. An assessment is made taking into consideration the effect of restrictions in utilisation in local tax legislation. Future taxable income is assessed based on budgets as well as Management's expectations regarding growth and operating margin in the coming years.

The Group is included in national joint taxation with its Parent Company's (Implio No I AB) other subsidiaries. The tax charge for the year is allocated between the Danish jointly taxed companies in proportion to their taxable income, taking into account taxes paid.

Balance sheet

Goodwill

Goodwill arising on the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment of goodwill is recognised directly in profit/(loss).

An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit/(loss) on disposal.

Other intangible assets

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation year and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefit embodied in the asset are considered to modify the amortisation expense on intangible assets with finite lives are recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Following the completion of assets they are amortised on a straight-line basis over the estimated useful life from the date when the assets are available for use. The amortisation periods are:

Acquired patents	5-10 years
Acquired intangible asssets	20 years

Development projects

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are demonstrated, and where the Group intends to complete and use the individual project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings or the net selling price can cover production costs, selling and administrative expenses and development costs. Other development costs are recognised under other external expense or staff cost in the income statement as incurred. Development projects are measured at cost less accumulated amortisation and impairment.

Cost comprises external expenses as well as internal directly related wages and salaries attributable to the development project. Other development costs are recognised in the income statement as they arise.

Rights and development expenses, which are recognised in the balance sheet, are initially measured at cost and subsequently at cost less accumulated amortisation and impairment losses.

Following the completion of development work, development costs are amortized on a straight-line basis over the estimated useful life from the date when the asset is available for use.
The amortisation period is:

Development projects	7 years

Gains and losses from sale of rights and development projects are calculated as the difference between the sales prices less sales expenses and the carrying amount at the date of sale. Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Property, plant and equipment

Property, plant and equipment comprise other fixtures and fittings, tools and equipment and are measured at cost less accumulated depreciation and accumulated impairment losses. Other fixtures and fittings, tools and equipment are depreciated on a straight-line basis over the expected useful lives of the finite-lived assets, which are as follows:

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

Property, plant and equipment are tested for impairment if indications of impairment exist. Property, plant and equipment are written down to their recoverable amount, if the carrying amount exceeds the higher of the fair value less costs to sell and the value in use. Depreciation and impairment charges are recognised in the statement of profit or loss.

Leases

The right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the useful life of the asset.

The Group leases properties which include a service element in the payments to the lessor. This service is deducted from the lease payment when measuring the lease obligation. Where the Group cannot reliably separate lease and non-lease items, it is considered a single lease payment.

Short leases with a maximum lease term of 12 months and leases where the underlying asset has a low value are not recognised in the statement of financial position. The lease term is defined as the non-cancellable period of a lease together with periods covered by options to extend the lease if it is reasonably certain that the options will be exercised and periods covered by options to terminate the lease if it is reasonably certain that the options will not be exercised. A number of leases contain extension and termination options in order to guarantee operational flexibility in managing the leases.

The lease obligation, which is recognised in "Lease liabilities", is measured at the present value of the remaining lease payments, discounted by the Group's incremental loan interest rate, if the implicit interest rate is not stated in the lease agreement or cannot reasonably be determined. The lease obligation is subsequently adjusted if:

- The value of the index or interest rate on which the lease payments are based changes.
- There is a change in expectations related to the exercise of options to extend or shorten the lease period due to a material event or material change in circumstances which are within the control of the lessee.
- The lease term is changed as a result of exercising an option to extend or shorten the lease term.

Subsequent adjustments of the lease obligation are recognised as a correction to the right-of-use asset. However, if the right-of-use asset has a value of DKK 0, a negative reassessment of the right-of-use asset is recognised in the statement of profit or loss.

Deposits
On initial recognition, deposits are measured at fair value and subsequently at amortised cost less impairment losses, if any.

Inventories
Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, based on broker reports, observed site trades in the market and other relevant input.

Trade receivables and other receivables
Trade receivables and other receivables are measured at amortised cost less allowance for lifetime expected credit losses.

To measure the expected credit losses, credit risk for trade receivables and other receivables has been based on an individual assessment. Trade receivables and other receivables are written off when all possible options have been exhausted and there is no reasonable expectation of recovery.

The cost of allowances for expected credit losses and write-offs for trade receivables and other receivables are recognised in the statement of profit or loss in other external expenses.

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

Interest-bearing liabilities
Interest-bearing liabilities are measured at amortised cost.

Trade payables and other payables
Other payables include bonus and commission accruals, vacation pay obligations, payroll taxes and VAT. Payables are measured at cost.

2

Adoption of new and amended standards

The new and amended Standards and Interpretations that have been issued, but are not yet effective, up to the date of issuance of the Group's Financial Statements are disclosed below. The Group intends to adopt these new and amended Standards and Interpretations, if applicable, when they become effective.

The Group does not expect any material impact from the issued but not yet effective IFRS standards that have not been implemented.

3

Critical accounting judgements and key sources of estimation uncertainty

As part of the preparation of the financial statements, Management makes a number of accounting estimates and assumptions as a basis for recognising and measuring the Group's assets, liabilities, income and expenses as well as judgements made in applying the entity's accounting policies. The estimates, judgements and assumptions made are based on experience gained and other factors that are considered prudent by Management in the circumstances, but which are inherently subject to uncertainty and volatility.

The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur for which reason the actual results may differ from the estimates and judgements made. The accounting policies are described in detail in note 1 to the financial statements to which we refer.

Management considers the following accounting estimates and judgements to be significant in the preparation of the financial statements:

Impairment tests for goodwill
Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill has been impaired, for example due to a changed business climate. In order to determine if the value of goodwill has been impaired, the cash-generating unit to which goodwill has been allocated must be valued using present value techniques. When applying this valuation technique, the Company relies on a number of factors, including historical results, business plans, forecasts and market data. This is further described in Note 12. As can be deduced from this description, changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill.

4

Revenue

Revenue are split in two types of products, as follows:
- Biomaterial Devices
- Electromechanical Devices

DKK'000	2022	2021
Biomaterial Devices	737,297	671,630
Electromechanical Devices	72,994	48,725
Total	**810,291**	**720,355**

One customer which amounts to more than 10% of the total renveue on both 2021 and 2022.

5

Staff costs

DKK'000	2022	2021
Salaries	174,884	154,781
Pensions	17,136	15,905
Other social security costs	5,617	2,035
Total	**197,637**	**172,721**
Average numbers of employees during the year	360	345

KEY MANAGEMENT COMPENSATION

Board of Directors		
Short-term employee benefits	1,276	963
Total compensentation of Board of Directors	**1,276**	**963**
Executive Management		
Short-term employee benefits	6,432	5,870
Post-employment benefits	2,003	370
Total compensentation of Executive Management	**8,435**	**6,240**
Other Key Management personnel		
Short-term employee benefits	10,278	11,542
Post-employment benefits	1,660	753
Total compensentation of Other Key Management personnel	**11,938**	**12,295**

Employment contracts for members of the Key Management Personnel contain terms and conditions that are common to those of their peers in similar companies including terms of notice and non-competitive clauses.

Share-based payment
The Company has issued 436,381 common stock warrants to Executive Management, Board of Directors and Other Key Management personnel of the Group at the beginning of the year. Warrants were issued at fair market value.

Executive Management possesses warrants in a Group Company with controlling interest over Ferrosan Medical Devices Group.

The common stock warrants are exercised due to a change of control of the Group at 20 December 2022. The Company's share capital has been increased in order to exercise the warrants. All warrants have been exercised in 2022.

Number of warrants	2022	2021
Outstanding 1 January	436,381	456,240
Granted during the period	0	23,298
Lost due to termination of employment	0	(43,157)
Exercised during the period	436,381	0
Outstanding 31 December	**0**	**436,381**
Number of warrants which can be exercised at balance sheet date	0	0
Weighted average contractual life (years)	0	2
Weighted average exercise rate	0	0

6

Fees paid to auditors appointed at the annual general meeting

DKK'000	2022	2021
Statutory audit	487	474
Other assurance services	345	75
Tax and VAT advisory servives	302	170
Other services	1,320	128
Total	**2,454**	**847**

7

Depreciation, amortisation and impairment losses

DKK'000	2022	2021
Amorisation of intangible assets	79,997	71,011
Depreciation and write-down of property, plant and equipment	18,682	19,193
Loss from sale of intangible assets and property, plant and equipment	(781)	234
Depreciation of right-of-use assets	10,199	9,543
Total	**108,097**	**99,981**

8

Financial income

DKK'000	2022	2021
Foreign currency gains	8,138	1,775
Other financial income	292	0
Total	**8,430**	**1,775**

9

Financial expenses

DKK'000	2022	2021
Interest on interest-bearing debt	41,924	44,731
Interest on debt to related parties	404	0
Foreign currency losses and other adjustments	7,142	3,026
Other financial expenses	8,088	5,062
Total	**57,558**	**52,819**

10

Tax for the year

DKK'000	2022	2021
TAX FOR THE CURRENT YEAR CAN BE SPECIFIED AS FOLLOWS:		
Tax of the result of the year	(27,476)	(32,618)
Tax on other comprehensive income	0	473
	(27,476)	**(32,145)**
Current tax for the year income	37,143	42,764
Changes in deferred tax	(8,932)	(9,133)
Correction previous years	(735)	(1,701)
Regulation relating to previous years	0	215
	27,476	**32,145**
Tax calculated as 22% of Earnings before tax	36,153	29,804
Foreign tax adjustment	0	148
Effect of tax rate in foreign subsidiaries	(731)	0
130% tax deduction on development cost	(3,408)	(2,137)
Non tax deductable expenses	403	13
Interest deduction limitation	3,070	4,898
116% tax deduction on PPE	(386)	(183)
Regulation relating to previous years	(735)	216
Non-capitalised tax assets	(7,409)	318
Other adjustments	519	(932)
Effective tax	**27,476**	**32,145**
Effective tax rate (%)	**17%**	**24%**

DKK'000	2022	2021
DEFERRED TAX LIABILITIES, NET		
Deferred tax 1 January	214,810	223,943
Deferred tax for the year recognised in the statement of profit or loss	(10,063)	(8,661)
Deferred tax for the year recognised in other comprehensive income	0	(472)
Deferred tax 31 December	**204,747**	**214,810**
DEFERRED TAX IS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION AS FOLLOWS:		
Deferred tax (asset)	4,991	0
Deferred tax (liability)	209,738	214,810
Net, total	**204,747**	**214,810**
DEFERRED TAX CONCERNS:		
Intangible assets	214,407	224,268
Tangible assets	(6,358)	(6,472)
Inventories	656	1,686
Other provisions	(3,281)	(871)
Payables	0	(3,801)
Tax losses carried forward	(677)	0
Total	**204,747**	**214,810**

The group has a not recognized deferred tax asset related to carry-forward losses in Poland of 4,990 thousand DKK (PLN 3,141 thousand) The change in all temporary differences have recognized in profit and loss.

11

Intangible assets

DKK'000	Completed development projects	Development projects in progress	Patents	Goodwill	Aquired intangible assets	Total
2022						
Cost at 1 January	43,731	50,710	1,478	446,831	1,324,540	1,867,290
Additions	0	47,908	2,273	0	6,831	57,012
Transfer	18,676	(18,908)	232	0	0	0
Disposals	0	0	0	0	(81)	(81)
Cost at 31 December	**62,407**	**79,710**	**3,983**	**446,831**	**1,331,290**	**1,924,221**
Amortisation and impairment losses at 1 January	(36,509)	0	(435)	0	(370,598)	(407,542)
Foreign exchange adjustments	0	0	(2)	0	1	(1)
Transfer	749	0	(232)	0	(517)	0
Amortisation during the year	(7,294)	0	(423)	0	(72,280)	(79,997)
Disposals during the year	83	0	0	0	81	164
Amortisation and impairment losses at 31 December	**(42,971)**	**0**	**(1,092)**	**0**	**(443,313)**	**(487,376)**
Carrying amount at 31 December	**19,436**	**79,710**	**2,891**	**446,831**	**887,977**	**1,436,845**

DKK'000	Completed development projects	Development projects in progress	Patents	Goodwill	Aquired intangible assets	Total
2021						
Cost at 1 January	41,431	24,918	1,081	446,831	1,324,540	1,838,801
Additions	0	28,092	397	0	0	28,489
Transfer	2,300	(2,300)	0	0	0	0
Foreign exchange adjustments	0	0	0	0	0	0
Cost at 31 December	**43,731**	**50,710**	**1,478**	**446,831**	**1,324,540**	**1,867,290**
Amortisation and impairment losses at 1 January	(33,399)	0	(134)	0	(303,022)	(336,555)
Amortisation during the year	(3,134)	0	(301)	0	(67,576)	(71,011)
Reversed amortisation	0	0	0	0	0	0
Disposals during the year	0	0	0	0	0	0
Foreign exchange adjustments	24	0	0	0	0	0
Amortisation and impairment losses at 31 December	**(36,509)**	**0**	**(435)**	**0**	**(370,598)**	**(407,542)**
Carrying amount at 31 December	**7,222**	**50,710**	**1,043**	**446,831**	**953,942**	**1,459,748**

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Intangible assets (continued)

Completed development projects relate to the development of Biomaterial Devices products. Management has an expectation of positive earnings from the project. During 2022 the Group has continued the work with Product Certificates/approvals related to new markets/regions.

Furthermore, the Group has continued to develop new products which could be used as a part of the surgical area. It is Management expectation that these products will be launched on new markets within 1-6 year.
It is Management's assessment that the expected useful life of the assets with an definite useful life, as well as the expected future revenue streams from the assets, are sufficient to cover the value of recognised developed projects at the reporting date.

In addition, it is Management assessment that the Group have the necessary competencies and have the intention to finalise development projects in progress as of 31 December 2022.

12

Impairment of goodwill including development projects in progress

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill from the acquisition of Ferrosan Medical Devices A/S is by the management monitored at product level and therefore allocated to Biomaterial Devices. However, development projects in progress are split based on the products.

All individual assets or cash-generating units are tested for impairment in circumstances in which indicators of impairment are identified and therefore, the carrying amount may not be recoverable.

The carrying amount of goodwill is related to the one cash-generating unit as follows:

DKK'000	Development projects in progres	Goodwill	Share
Biomaterial Devices	79,710	446,831	100%
Total	**79,710**	**446,831**	**100%**

Goodwill and development projects in progress are tested for impairment once a year and more often in the case of impairment indicators.

The recoverable amount is based on value is use, which calculated by means of expected net-cash-flows on the basis of forecasts for 2023 – 2027 approved by the Board of Directors. The forecast for 2023 – 2027 is based on the expected market development including growth in the medical devices industry and expected price levels.

The key asusumptions underlying the calculation of recoverable amounts are:

	2022
Revenue growth rates 2023 - 2027	9.4%
Growth rate in terminal period	2.0%
Discount rate before tax (%)	11.8%
Discount rate (WACC)	8.7%

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Property, plant and equipment

DKK'000	Other fixtures and fittings, tools and equipment	Plant and machinery	Leasehold improvement	Assets under construction	Total
2022					
Cost at 1 January	52,258	74,391	14,205	145,585	286,439
Foreign exchange adjustments	0	(127)	0	0	(127)
Additions	2,443	3,785	1,270	41,201	48,699
Disposals	(6,736)	(3,437)	0	(7,542)	(17,715)
Transfer	11,181	5,351	5,917	(22,449)	0
Cost at 31 December	**59,146**	**79,963**	**21,392**	**156,795**	**317,296**
Depreciation at 1 January	(29,799)	(58,637)	(10,987)	(456)	(99,869)
Foreign exchange adjustments	0	107	0	0	107
Transfer	(3,277)	6,646	(3,369)	0	0
Depreciation during the year	(6,829)	(9,808)	(2,045)	0	(18,682)
Reversal of depreciation	6,730	3,457	0	456	10,643
Depreciation at 31 December	**(33,175)**	**(58,235)**	**(16,401)**	**0**	**(107,811)**
Carrying amount at 31 December	**25,971**	**21,728**	**4,991**	**156,795**	**209,485**

DKK'000	Other fixtures and fittings, tools and equipment	Plant and machinery	Leasehold improvement	Assets under construction	Total
2021					
Cost at 1 January	38,818	82,043	13,043	86,042	219,946
Foreign exchange adjustments	0	(248)	0	287	39
Additions	2,006	1,059	707	84,868	88,640
Disposals	(2,700)	(11,481)	0	(8,007)	(22,188)
Transfer	14,133	3,018	455	(17,605)	0
Cost at 31 December	**52,258**	**74,391**	**14,205**	**145,585**	**286,439**
Depreciation at 1 January	(26,061)	(66,725)	(9,610)	(456)	(102,852)
Foreign exchange adjustments	0	241	0	0	241
Reversal of depreciation	2,447	11,481	0	0	13,928
Depreciation during the year	(6,185)	(3,634)	(1,377)	0	(11,186)
Depreciation at 31 December	**(29,799)**	**(58,637)**	**(10,987)**	**(456)**	**(99,869)**
Carrying amount at 31 December	**22,459**	**15,764**	**3,218**	**145,129**	**186,570**

14

Leases

DKK'000	Property	Cars	Total
2022			
Cost at 1 January	136,648	2,156	137,242
Additions	5,909	307	6,216
Cost at 31 December	**142,557**	**2,463**	**145,020**
Depreciation at 1 January	(18,424)	(536)	(18,960)
Depreciation during the year	(9,452)	(747)	(10,199)
Depreciation at 31 December	**(27,876)**	**(1,283)**	**(29,159)**
Carrying amount at 31 December	**114,681**	**1,180**	**115,861**
2021			
Cost at 1 January	136,648	594	137,242
Additions	0	1,562	1,562
Cost at 31 December	**136,648**	**2,156**	**138,804**
Depreciation at 1 January	(9,212)	(205)	(9,417)
Depreciation during the year	(9,212)	(331)	(9,543)
Depreciation at 31 December	**(18,424)**	**(536)**	**(18,960)**
Carrying amount at 31 December	**118,224**	**1,620**	**119,844**

Carrying amounts of lease liabilities and movements during the period:

DKK'000	2022	2021
At 1 January	124,299	130,189
Additions	6,216	1,562
Accrual of interest	4,815	4,931
Payments	(13,019)	(12,383)
At 31 December	**122,311**	**124,299**
Non-current	113,487	116,214
Current	8,824	8,085

The following amounts have been recognised in the statement of profit or loss:

DKK'000	2022	2021
Depreciation expense of right-of-use assets	10,199	9,543
Interest expense on lease liabilities	4,815	4,931
Expense relating to short-term leases (included in other external expenses)	0	0
Total amount recognised in the statement of profit or loss	**15,014**	**14,474**

The Group had a total cash outflow for leases of DKK 13,019 thousand (2021: DKK 12,383 thousand). The Group leases offices and lease terms are negotiated on an individual basis and contain different terms and conditions. As part of COVID-19, no rent concession has been received. The Group had non-cash additions to right-of-use assets and lease liabilities of DKK 6,216 thousand in 2022 and DKK 1,562 thousand in 2021.

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Inventories

DKK'000	2022	2021
Raw materials	53,333	29,280
Goods under construction	20,942	15,715
Finished goods	17,305	29,021
Write-down inventories	(4,526)	(4,490)
Total at 31 December	**87,054**	**69,526**

During the period DKK 36 thousand (2021: DKK 0 thousand) was recognized as an expense (a write-down) in the income statement.

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Trade receivables

DKK'000	2022	2021
Trade receivables	127,585	107,291
Total	**127,585**	**107,291**

The Group has a material risks related to a single customer based on the amount of revenue gained from that single customer. However, Management consider the risk limited based on a long-cooperation with the customer as well as the current revenue-agreements with the customer. The majority of the Group's receivables are related to larger international companies with a solid solvency and Management therefore see a very limited risk associated with trade receivables. The credit risk exposure relating to dealing with other private counterparties is also estimated to be limited.

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Working capital changes

DKK'000	2022	2021
Change in inventories	(17,528)	4,969
Change in receivables and prepayments	(7,661)	(33,317)
Change in trade payables and other debt etc.	26,758	(3,963)
Total	**1,569**	**(32,311)**

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Share capital

At 31 December 2022, the share capital consisted of 5,156,814 (2021: 4,905,330) shares with a nominal value of DKK 1. The share capital has been paid in full. The shares are not divided into classes and carry no right to fixed income.

DKK'000	2022	2021
ISSUED AND FULLY PAID-UP SHARES:		
At 1 January	4,905	4,905
Capital increase	252	0
Share capital at 31 December	**5,157**	**4,905**

The Group holds treasury shares on the Parent company of DKK 121,565 thousand as of 31 December 2022 (31 December 2021: DKK 18,859 thousand).

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Interest-bearing liabilities

DKK'000	2022	2021
BORROWINGS		
Non-current interest-bearing liabilities	986,721	866,414
Current interest-bearing liabilities	34,934	193,147
Total	**1,021,655**	**1,059,561**

DKK'000	Currency	Interest rate	Average interest rate	Carrying amount
Bank loans	DKK	Floating	3.87%	26,110
Payables to related parties	DKK	Floating	3.17%	873,234
Lease liabilities	DKK	Fixed	4.00%	122,311
Total as of 31 December 2022				**1,021,655**

DKK'000	Currency	Interest rate	Average interest rate	Carrying amount
Bank loans	DKK	Floating	3,9%	935,262
Lease liabilities	DKK	Fixed	4%	124,299
Total as of 31 December 2021				**1,059,561**

Changes in lease liabilities are shown within note 14.

Change in bank loans and payables to related parties

DKK'000	2022	2021
Liabilities at 1 January	935,262	976,672
Loans raised	873,234	60,000
Repayments	(909,152)	(101,410)
Accrued interest	0	0
Liabilities at 31 December	**899,344**	**935,262**

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Financial risks

Financial risk management
As a result of its operations, investments and financing, Ferrosan Medical Devices Group A/S is exposed to market risks in the form of changes in exchange rates and interest rates, as well as credit risks and liquidity risks. The Group operates with a low financial risk profile, such that interest rate and credit risks only arise with substantial changes to the company's commercial conditions. The company is exposed to changes in the exchange rates of US dollar and Polish złoty.

The Group's financial risks are managed centrally in the finance function in accordance with the board's adopted policy and instructions, which set guidelines and frameworks for the company's financial transactions.

Interest risk
Current borrowing rates on payables to related parties is floating and are based on the Copenhagen inter-bank rate plus a premium. If market interest rates increased by one percentage point, the interest rate sensitivity as calculated based on the loan balance to related parties at year-end 2022 would lead to a yearly increase in interest expenses of DKK 9,770 thousand. A corresponding decrease in market interest rates would have the opposite impact.

Categories of financial assets and financial liabilities measured at amortised cost

DKK'000	2022	2021
Prepayments	5,618	6,403
Receivables	139,865	131,419
Cash	16,304	0
Total assets	**161,787**	**137,822**
Interest-bearing loan, current	899,344	935,262
Lease liabilities	122,311	124,299
Trade payables	73,148	44,516
Other payables	57,748	59,662
Total liabilities	**1,152,551**	**1,163,699**
Total, net	**1,314,338**	**1,301,521**

Since the Group's financial instruments measured at amortised cost are either short-term and/or exposed to floating interest rates, Management has assessed that the carrying amount is a reasonable approximation of fair value.

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Financial risks (continued)

Credit risk
It is the Group's assessment that the exposure to credit risk is not significant. Impairment of receivables are immaterial in both 2022 and 2021.

Currency risk
The Group's currency risks are not hedged. In all material aspects the currency risk is related to USD and PLN.

Thousand	Assets	Liabilities	Net
USD	2,588	(313)	2,275
PLN	1,171	(4,836)	(3,665)

Liquidity risk
The Group is monitoring the need of liquidity based on a ongoing basis. At 31 December 2022, the Group has an undrawn credit facility of DKK 132.2 million to ensure that the Group is able to meet its short term obligations. Management considers the Group's credit availability to be sufficient for the next 12 months.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments which include estimated interest payments. Floating interest payments on bank borrowings have been determined applying a forward curve on the underlying interest rate at the reporting date.

DKK'000	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total	Carrying amount
YEAR ENDED 31 DECEMBER 2022						
Interest-bearing loans	26,110	0	0	873,234	899,344	899,344
Lease liabilities	2,206	6,618	36,808	76,679	122,311	122,311
Other payables	57,748	0	0	0	57,748	57,748
Trade payables	73,148	0	0	0	73,148	73,148
Total non-derivative financial liabilities	**159,212**	**6,618**	**36,808**	**949,913**	**1,152,551**	**1,152,551**
YEAR ENDED 31 DECEMBER 2021						
Interest-bearing loans	52,762	132,300	750,200	0	935,262	935,262
Lease liabilities	2,021	6,064	33,707	82,507	124,299	124,299
Other payables	15,328	28,429	0	15,865	59,622	59,622
Trade payables	44,516	0	0	0	44,516	44,516
Total non-derivative financial liabilities	**114,627**	**166,793**	**783,907**	**98,372**	**1,163,699**	**1,163,699**

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Guarantees, contingent liabilities and collateral

Contingent liabilities
The Parent Company participates in a Danish joint taxation arrangement where Moon Holdco ApS serves as the administration company.

According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent Company is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

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Related parties

Shareholders	Registered office	Basis of influence
Impilo No I AB	Sweden	50-66.66% (divested 20.12.2022)
Kirk Kapital Strategic Investments A/S	Denmark	33.33-49.99%
Hans-Christian Bødker Jensen	Schweiz	10-14.99% (divested 20.12.2022)
Arbejdsmarkedets Tillægspension	Denmark	25-33.32% (acquired 20.12.2022)
Lundbeckfond Invest A/S	Denmark	25-33.32% (acquired 20.12.2022)

The immediate parent company is Moon BidCo ApS; the ultimate parent company is Moon HoldCo ApS.

Transactions with related parties mentioned above relate to joint taxation payments, management fee total less then DKK 425 thousand and intercompany loan (refer to note 19). All transaction has been paid on market conditions.

Other related parties
Other related parties of Ferrosan Medical Devices Group A/S with a significant influence comprise the Board of Directors and the Executive Board and their related parties. Remuneration is disclosed in note 5. There were no other related parties identified.

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List of Group companies

Name	Registered office	% equity interest
ApS FMD III	Søborg	100
Ferrosan Medical Devices Holding A/S	Søborg	100
Ferrosan Medical Devices A/S	Søborg	100
Ferrosan Medical Devices Sp. z.o.o.	Szczecin	100

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Events after the reporting period

From the statement of financial position date and until today, no further matters, which would influence the evaluation of the Annual Report has occurred.

Peter Bøge
Finance Business Partner

08 Parent company financial statements

Parent company financial statements

Statement of profit or loss

DKK'000	Note	2022	2021
Other external costs		(2,812)	(1,549)
Gross profit		**(2,812)**	**(1,549)**
Financial expenses from group enterprises		(564)	(6)
Earnings before taxes (EBT)		**(3,376)**	**(6)**
Tax for the year	2	743	342
Earnings after taxes (EAT)	**3**	**(2,633)**	**(1,213)**

Changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity beginning of year	**4,905**	**798,061**	**802,966**
Capital increase	252	39,143	39,395
Purchase of treasury shares	0	(121,079)	(121,079)
Earnings after tax (EAT)	0	(2,633)	(2,633)
Equity end of year	**5,157**	**713,492**	**718,649**

Balance sheet

DKK'000	Note	2022	2021
Investment in subsidiaries		810,201	810,201
Financial assets	**4**	**810,201**	**810,201**
Fixed assets		**810,201**	**810,201**
Joint taxation receivables		743	343
Receivables		**743**	**343**
Cash and cash equivalents		132	306
Total current assets		**875**	**649**
Total assets		**811,076**	**810,850**

DKK'000	Note	2022	2021
Share capital		5,157	4,905
Retained earnings		713,492	798,061
Total equity		**718,649**	**802,966**
Trade payables		203	102
Payables to Group entities		91,944	7,674
Other payables		280	108
Total current liabilties		**92,427**	**7,884**
Total liabilities		**92,427**	**7,884**
Total equity and liabilities		**811,076**	**810,850**

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Summary of significant accounting policies

General
The separate Parent Company Financial Statements have been incorporated in the Annual Report because a separate set of financial statements is required for the Parent Company under DFSA requirements for annual reports of reporting class C (larger) enterprises. The Company is required to apply the requirements for reporting class C (Larger) enterprises in accordance to DFSA.

The financial statements are presented in Danish kroner (DKK), which is also the functional currency of the company.

Changes in accounting policies
The accounting policies are unchanged from last year.

Differences relative to the Group's accounting policies
The parent company's accounting policies for recognition and measurement are in accordance with the Ferrosan Medical Devices Group A/S consolidated accounting policies with the following exceptions:

Income statement
Results of investments in subsidiaries
Dividends from investments in subsidiaries are recognised in the parent company's financial statements when the right to the dividend finally vests, typically at the date of the company's approval in general meeting of the dividend of the company in question less any write-downs at the investments.

Balance Sheet
Investments in subsidiaries
Investments in subsidiaries are measured at cost. Where the recoverable amount of the investments is lower than cost, the investments are written down to this lower value. In addition, cost is written down to the extent that dividends distributed exceed the accumulated earnings in the company since the acquisition date. In the event of indications of impairment, an impairment test is performed of investments in subsidiaries. Capitalisation of development cost.

Other accounting information
Cash-flow Statement
Referring to section 86(4) of DFSA, no cash flow statement have been prepared.

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Tax

	2022	2021
Refund in joint taxation arrangement	(743)	(342)
Change in deferred tax	0	0
Adjustments prior year	0	0
Tax for the year	**(743)**	**(342)**

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Proposed distribution of profit and loss

	2022	2021
Dividend	0	0
Retained earnings	(2,633)	(1,213)
Earnings after tax (EAT)	**(2,633)**	**(1,213)**

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Financial assets

DKK'000	Investment in subsidiaries
2022	
Cost at 1 January	810,201
Cost at 31 December	**810,201**
Carrying amount at 31 December	**810,201**

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Guarantees, contingent liabilities and collateral

Contingent liabilities
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According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent Company is therefore liable for income taxes etc. for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

Collateral
The Group has provided security for the entire bank loan with investments in affiliated companies. The carrying amount of the investments in the "nearest" subsidiary amounts to DKK 810,201 thousand per 31 December 2022. The total draw on bank facilities in the group amounts to DKK 27.7 million per 31 December 2022.

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Related parties

Related parties with controlling interest
The following companies has controlling influence:
- Moon HoldCo ApS, Sydmarken 5, 2860 Søborg.
- Moon MidCo ApS, Sydmarken 5, 2860 Søborg.
- Moon BidCo ApS, Sydmarken 5, 2860 Søborg.

Related party transactions
The annual report only discloses transactions with related parties that have not been carried out on market terms.

No such transactions were completed during the financial year.

Ferrosan
Medical Devices

Ferrosan Medical Devices Group A/S
Sydmarken 5
DK-2860 Søborg

Business Registration No.: 37 80 83 42
Registered office: Gladsaxe
Financial year: January 1, 2022 to December 31, 2022

Board of Directors
Peter Henrik Kürstein-Jensen, Chair
Kim Gulstad, Deputy Chair
Mia Bielecki
Anja Bach Eriksson
Arne Due-Hansen
Allan Bjørn Rasmussen
Staffan Percy Ternström

Executive Board
Rasmus Hother le Fevre, CEO
Hans Henrik Pauk Pedersen, CFO

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 København S