Ferrosan
Medical Devices

ANNUAL REPORT

2023

PURPOSE

“Making seconds count in surgical care”

Ferrosan Medical Devices develops and manufactures medical devices used in surgical procedures by healthcare 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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Ferrosan Medical Devices Group A/S
Sydmarken 5
DK-2860 Søborg

Business Registration No.: 43 53 10 93

www.ferrosanmedicaldevices.com
LinkedIn

LETTER FROM THE CHAIR AND CEO

Delivering on expectations and investing in the future

Ferrosan Medical Devices delivered solid operational and financial results again in 2023, which was characterized by a high activity level and continued growth in our hemostatic product portfolio combined with accelerated investments in people and production capabilities.

We are pleased to report results in line with our 2023 outlook as revenues grew by 10% on the back of strong demand and good performance by our hemostatic business, mainly driven by market share gains in North America and increasing market penetration in Asia. This traction and targeted efforts to enhance efficiency enabled us to lift earnings (EBITDA) by 9% with an EBITDA margin of 39% in the face of increased inflationary pressure. The organization's ability to identify and execute operational optimizations remains key for us to counter cost increases and release funds needed to fuel further investments.

Investments in Ferrosan Medical Devices take many shapes and forms, including human capital, manufacturing assets, innovation, sustainability, and compliance. We invested in all these elements in 2023 and continued to modernize our manufacturing setup making it more scalable. We also received FDA approval in the beginning of the year for a new manufacturing unit – marking an important first step on our journey of scaling and adapting the entire supply chain to future growth.

The Medical Device Regulation (MDR) is under implementation in Europe, and we have been working diligently in recent years to ensure our products meet these new standards. Late 2023, we could celebrate another important milestone as we received the MDR approval for SURGIFLO™ with and without Thrombin.

As healthcare systems and societies around the world are burdened by an increasingly aging population, the life science industry is called upon to provide better, more effective, and innovative solutions. We are determined to deliver products that provide effective hemostatic control during surgery as this leads to significant benefits for patients and society. Innovation is at the core of Ferrosan Medical Devices, and we progressed several product improvements, further strengthening our user experience and usability in 2023. We also progressed in our development of new products enabling surgeons and nurses to improve hemostatic control during surgery – pursuing our purpose of making seconds count in surgical care.

As we push on to make a difference and build a stronger business, we also recognize our responsibility for the impact we have on employees, our society, and the environment. We want to maximize the positive impact of our devices in healthcare for surgeons, nurses and patients, and society while minimizing our environmental footprint. In 2023, we took steps to reduce emissions from transport in our supply chain and we invested in the conversion from natural gas to district heating to further reduce our footprint from our operations.

In 2024, we expect to continue to develop and grow our business driven by underlying market growth fueled by an increase in surgical procedures as access to care increases and from market expansions.

We would like to extend our warmest thanks and appreciation to all our colleagues in Denmark and Poland for their dedication and hard work, as well as our shareholders for their continued support as well as Ethicon Inc. and other commercial partners for our close collaboration.

Peter Kürstein
Chair of the Board of Directors

Rasmus Hother le Fevre
Chief Executive Officer

01

2023 results

Highlights of 2023

TOTAL REVENUE

893 +10%

Million DKK

We generated solid growth and exceeded the revenues outlook for 2023 based on strong demand and continued momentum from successful SURGIFLO™ market entries in recent years. All regions contributed to the positive development with particularly high growth rates in the Asia-Pacific.

EBITDA

351 +9%

Million DKK

Earnings grew in 2023 on the back of volume and revenue growth combined with targeted efforts to enhance efficiency and mitigate inflationary pressure. We maintained focus on meeting the continued strong market demand enabling us to leverage economies of scale from increasing volumes ending with an EBITDA margin of 39%.

INVESTMENTS

152 +44%

Million DKK

Based on the positive long-term market outlook and continued strong demand for our products, we accelerated the pace of investment in 2023. We maintained our focus on expanding production capacity at our site in Denmark and fueling innovation through research and development initiatives enabling us to accommodate the demand of today and develop the solutions of tomorrow.

EMPLOYEES

379 +5%

FTEs

The organization was strengthened and expanded significantly in 2023 with the addition of 19 FTEs to further our operational capacity and project capabilities across the locations in Denmark and Poland. The addition, to our staff, of dedicated colleagues provides a solid foundation for future growth and continued development of the Group.

SCOPE 1 & 2 CO_2 EMISSIONS INTENSITY

1.8 –11%

Tons CO_2e per million DKK revenues

We maintained our focus on minimizing our environmental footprint through initiatives to reduce energy consumption in 2023. We were pleased to see the intensity of CO_2 emissions from our own operations (scope 1 & 2) decrease to 1.8 tons CO_2e per DKK million revenues following the solid growth in revenues and a positive effect of sustainability initiatives.

KEY FINANCIAL FIGURES AND RATIOS

5-year financial figures and ratios

DKK million	2023	2022[1]	2022[2]	2021[2]	2020[2]	2019[2]
STATEMENT OF PROFIT OR LOSS						
Revenue	893.4	2.4	810.3	720.4	622.4	528.1
Gross profit	673.7	1.4	605.2	562.6	486.5	335.3
Earnings before interest, taxes, depreciation and amortization (EBITDA)	351.2	(57.7)	321.6	286.5	225.2	192.8
Earnings before interest, taxes, and amortization (EBITA)	327.9	(61.5)	303.7	265.8	206.1	182.0
Earnings before interest and taxes (EBIT)	189.3	(61.8)	213.5	186.5	126.8	92.9
Net financials	(132.8)	(3.4)	(49.1)	(51.0)	(59.0)	(48.6)
Earnings before taxes (EBT)	56.5	(65.2)	164.3	135.5	67.8	44.4
Earnings after taxes (EAT)	23.9	(62.9)	136.9	102.9	50.8	22.9
STATEMENT OF FINANCIAL POSITION						
Investments in property, plant, and equipment	104.1	90.0	48.7	90.0	47.5	22.4
Total assets	5,642.5	5,621.1	2,016.0	1,973.5	1,943.4	1,757.5
Equity	2,838.0	2,822.1	620.2	561.7	468.5	334.8
RATIOS						
Revenue growth (%)	10.3%	–	12.5%	15.7%	17.9%	(0.4)%
Gross margin (%)	75.4%	78.1%	74.7%	78.1%	78.2%	63.5%
Solvency ratio (%)	50.3%	28.5%	30.8%	28.5%	24.1%	19.0%
Return on equity (%)	0.8%	20.0%	23.2%	20.0%	12.6%	4.9%
EBITDA margin (%)	39.3%	39.8%	39.7%	39.8%	36.2%	36.5%
EBITA margin (%)	36.7%	36.9%	37.5%	36.9%	33.1%	34.5%
FTEs	379	360	360	345	329	287

1. The key financial figures and ratios for 2022 include 11 days of activity in Ferrosan Medical Devices Group.
2. The financial figures and ratios for the years 2019 to 2022 are proforma numbers that are derived from the reporting of the previous Ferrosan Medical Devices Group A/S (with business registration no. 37 80 83 42) before the restructuring. All financial figures and ratios for 2020–2023 are presented in accordance with the IFRS Accounting Standards. The financial figures and ratios for 2019 are presented in accordance with Danish GAAP.

In the end of the 2022 financial period, a restructuring of the Group's companies was completed. The key financial figures and ratios show the numbers for 2023 and 11 days of activity in 2022 for the new Ferrosan Medical Devices Group A/S (with business registration no. 43 53 10 93). The financial figures and ratios for the years 2019 to 2022 are proforma numbers that are derived from the reporting of the previous Ferrosan Medical Devices Group A/S (with business registration no. 37 80 83 42) before the restructuring.

All financial figures and ratios for 2020–2023 are presented in accordance with the IFRS Accounting Standards. The financial figures and ratios for 2019 are presented in accordance with Danish GAAP.

Definitions of Key Figures and Ratios

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.

FINANCIAL REVIEW

Satisfactory result with continued growth and maintained profitability

Ferrosan Medical Devices generated satisfactory financial results in 2023 as revenues grew 10%, exceeding expectations, while the EBITDA margin ended at 39%.

The positive development was driven by the ability to accommodate continued strong demand across the Group's markets, combined with solid operational performance and efficiency enhancements, to enable Ferrosan Medical Devices to absorb inflationary pressure.

In the end of the 2022 financial period, a restructuring of the Group's companies was completed. This annual report and its financial figures for 2023 are shown for the new Ferrosan Medical Devices Group A/S (with business registration no. 43 53 10 93). The financial figures and ratios from 2019 to 2022 are proforma numbers that are derived from the reporting of the previous Ferrosan Medical Devices Group A/S (with business registration no. 37 80 83 42) before the restructuring.

All financial figures and ratios for 2020–2023 are presented in accordance with the IFRS Accounting Standards. The financial figures and ratios for 2019 are presented in accordance with Danish GAAP.

Revenues

The continued high activity level in 2023 entailed significant volume growth driving a 10% increase in revenues to DKK 893 million from DKK 810 million in 2022.

The strong performance was driven mainly by the Group's core SURGIFLO™ product range with and without thrombin while the other product categories remained relatively stable in 2023. While all regions contributed to the positive development, the Asia-Pacific region delivered particularly strong growth after recent market entries and a fast-paced increase in sales.

Overall, our products continued to gain market share in 2023 based on timely deliveries and the strong capabilities of our commercial partners.

Foreign exchange rates had a positive effect of approximately DKK 36 million on revenues compared to 2022.

Costs

Based on solid growth in revenues, the reported gross profit increased by 11% to DKK 674 million from DKK 605 million in 2022. Despite significant inflationary pressure the Group's gross profit margin, came to 75% in 2023, which is the same as in 2022. Efficiency measures were implemented throughout the year, partly mitigating the increased cost level, and positive effects of currency exchange rates helped maintain the gross profit margin level.

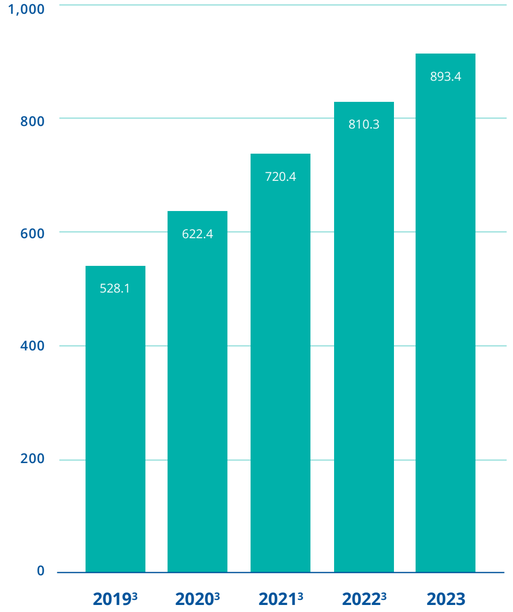
Earnings

The Group continued to grow profitably in the face of a higher cost level and lifted earnings before interest, taxes, depreciation and amortization (EBITDA) by 9% to DKK 351 million in 2023

REVENUES

DKK million

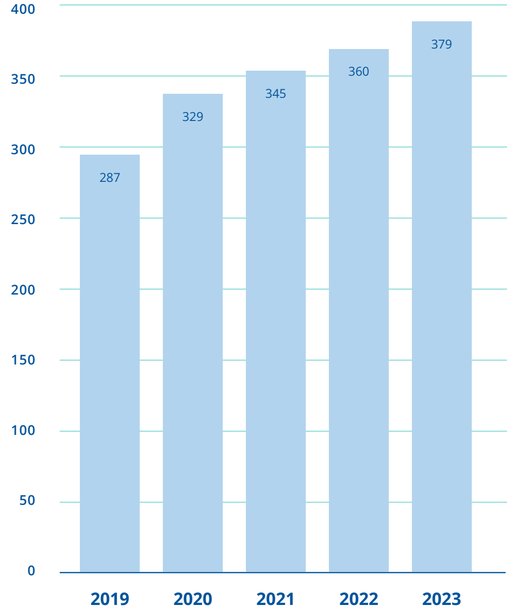
2019–2023 CAGR: 14%



FTEs

Full-time equivalent employees

2019–2023 CAGR: 7%



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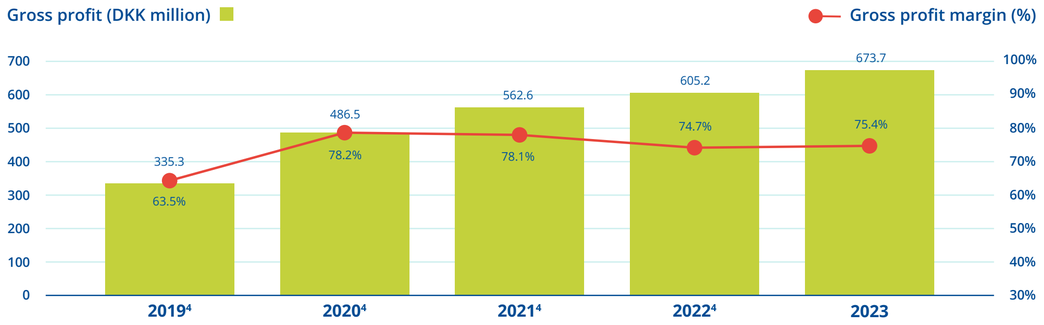
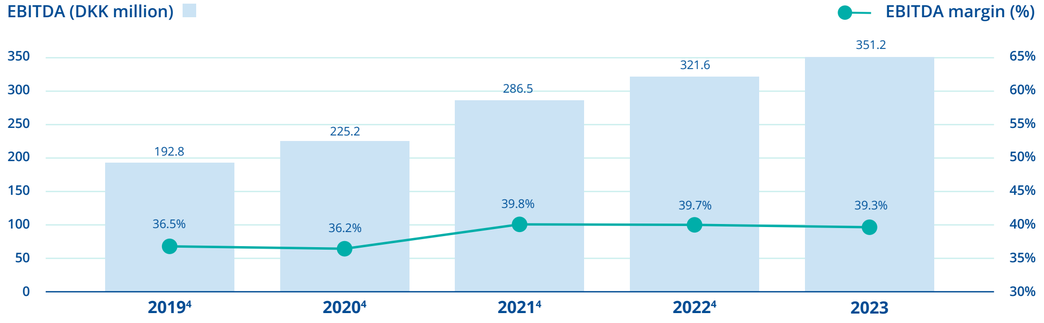
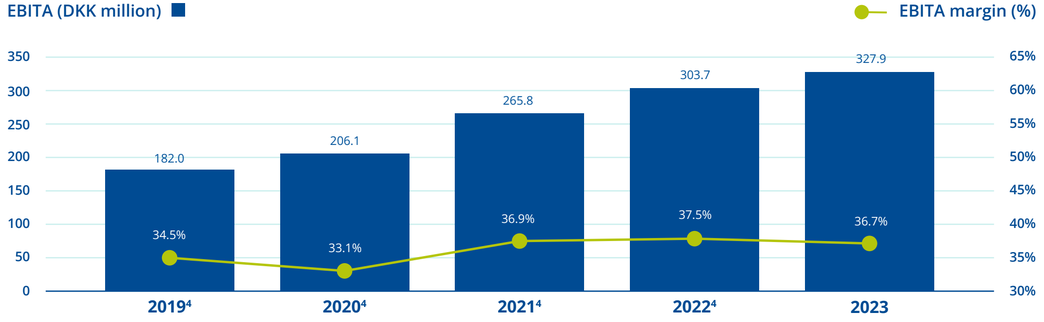
GROSS PROFIT AND GROSS PROFIT MARGIN



EBITDA AND EBITDA MARGIN



EBITA AND EBITA MARGIN



"Our annual results show a continued strong top line growth driven by strong demand for our core products from markets all over the world. This performance underscores our customers' confidence in our offerings and is a testament to the dedication of our team to increase production volumes accordingly."

Hans Henrik Pauk Pedersen
CFO

compared to DKK 322 million in 2022. The strong progress was realized on the back of higher revenues, solid operational performance and high efficiency, enabling Ferrosan Medical Devices to report an EBITDA margin of 39% in 2023 on par with the 2022 level.

Depreciation, amortization and impairment of acquired intangible assets came to DKK –162 million against DKK –108 million in 2022. Financial items were DKK –142 million compared to DKK –58 million in 2022 mainly comprizing interest payments to financial institutions.

The group earnings before taxes (EBT) ended at DKK 57 million in 2023 against DKK 164 million in 2022. With an effective tax rate of 58%, Ferrosan Medical Devices reported decreased earnings after taxes (EAT) of DKK 24 million for the year from DKK 137 million in 2022.

Cash flows

The decreased earnings in 2023 entailed a lowering of the Group's operating cash flow to DKK 181 million from DKK 241 million in 2022.

Ferrosan Medical Devices continued to invest in innovation and capacity expansion, driving an increase in cash flow from investing activities to DKK 151 million from DKK 99 million in 2022.

The cash flow from financing activities came to DKK –33 million against DKK –127 million in 2022, which was significantly affected by changes in bank loans and payables to related parties following the change of ownership in 2022. The net cash flow for 2023 ended at DKK 14 million against DKK 16 million in 2022.

Balance sheet

The Group's net interest-bearing debt as of 31 December 2023, was DKK 1,904 million compared to DKK 1,971 million at the end of 2022. Financial resources, comprising cash and undrawn loan and overdraft facilities, amounted to DKK 128 million at year-end against DKK 136 million in 2022. This level is considered satisfactory and sufficient to cover Ferrosan Medical Devices' planned investments.

The Group has a policy to hedge interest rate risks on significant long-term loans. The policy is complied with either by taking out fixed-rate loans or by hedging the interest rate risk on floating-rate loans with an interest rate swap that converts the floating rate to a fixed rate.

Total assets increased to DKK 5,643 million from DKK 5,621 million at the end of 2022.

Equity as of 31 December 2023, was DKK 2,838 million against DKK 2,822 million in 2022. The Group thus generated a return on equity of 0.8% with a solvency ratio of 50.3% in 2023.

4. The financial figures and ratios for the years 2019 to 2022 are proforma numbers that are derived from the reporting of the previous Ferrosan Medical Devices Group A/S (with business registration no. 37 80 83 42) before the restructuring. All financial figures and ratios for 2020–2023 are presented in accordance with the IFRS Accounting Standards. The financial figures and ratios for 2019 are presented in accordance with Danish GAAP.

MARKETS AND OUTLOOK

Sustained growth and a positive long-term outlook

Strong market fundamentals and unique capabilities form a solid foundation for continued long-term profitable growth of Ferrosan Medical Devices.

The global market for topical hemostats is estimated to continue growing by 3–4% annually over the long term, driven by increased surgical procedure volumes from the aging of populations and increased access to care.

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 by surgeons. The highest growth rates are projected to be in the Asia-Pacific.

The market for flowable hemostatic devices is expected to grow at a faster pace – reaching 5–6% growth annually – than the general market for topical hemostats.

Ferrosan Medical Devices and our partners will leverage 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, while making sure our devices are compatible with new technologies in the operating room.

In 2024, we expect to continue the growth trajectory and generate revenues of DKK 950–990 million as we continuously expand and phase in production capacity. The EBITDA margin is expected in the 38–41% range as we continue to implement production efficiency improvements and leverage the expected volume growth to mitigate inflationary pressure. The expectations assume constant foreign exchange rates.

5–6%

Projected annual growth rate of global flowable hemostatic devices market

REVENUES

DKK 950–990m

EBITDA MARGIN

38–41%

FORWARD-LOOKING STATEMENTS

The forward-looking statements in this annual report reflect the current expectations of Ferrosan Medical Devices for future events and financial results. Such statements are inherently subject to uncertainty, and actual results may therefore differ from expectations. Factors which may cause the actual results to deviate from expectations include macroeconomic and financial markets developments, changes or amendments to legislation and regulation in the Group's markets, changes in demand for products, competition and the cost of and access to raw materials, distribution and skilled labor. See also the section on 'Risk Management'.

02

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.

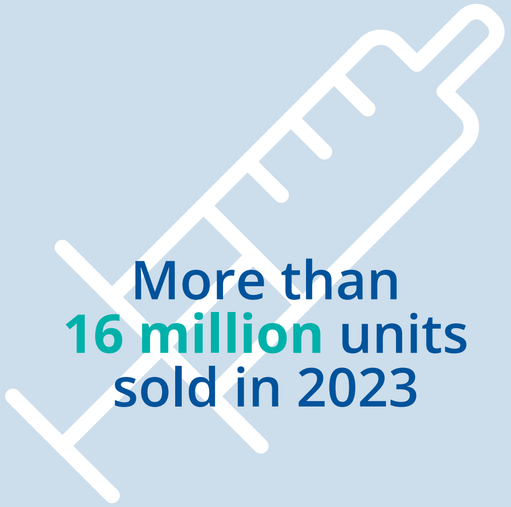
Ferrosan Medical Devices is a global leader in topical adjunctive hemostatic devices, helping surgeons and nurses to control bleeding in surgery. We collaborate closely with Ethicon, Inc., part of the Johnson & Johnson Medical Devices Companies, that is responsible for the sales and marketing of our 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 healthcare 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 390 dedicated people; 270 employees at our headquarters in Søborg, Denmark, and 120 employees in Szczecin, Poland.

Headquarters in Denmark and factory in Poland



More than 16 million units sold in 2023

390+ 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 healthcare 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 healthcare professionals in more than 100 countries.

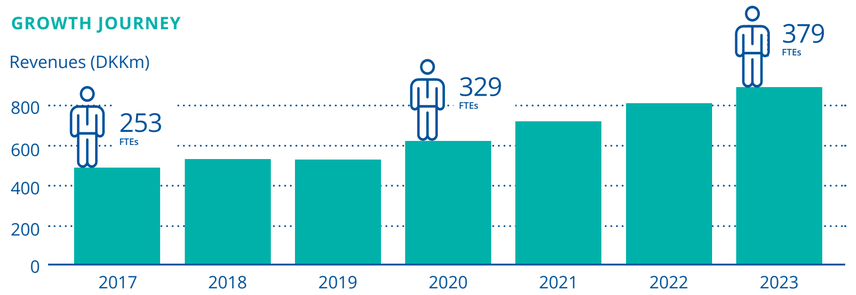
Ferrosan A/S developed, produced, and sold prescription medicines, vitamin supplements, and hemostatic devices until 2010. To solely focus on hemostasis and medical devices, Ferrosan Medical Devices A/S was established that year, and the vitamin and pharmaceutical divisions were sold off. Since then, 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.

2017–2023 REVENUES CAGR

11%

GROWTH JOURNEY



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

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 in which talents thrive and grow together.

We launched our company values with associated behaviors in 2021. Our values and desired behaviors reflect of our collective belief of how we want to lead and interact with each other at Ferrosan Medical Devices. To further adopt and integrate our values, we continuously update 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.

PURPOSE: Making seconds count in surgical care

	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.

“Ferrosan Medical Devices has seen tremendous growth over the past years, and we, in Facility Management, have to keep up with the pace. I take great pride in working towards improving our site and making the company an even more attractive workplace by creating the conditions for a safe and healthy environment. This is only possible through hard work and great collaboration across the organization, which I clearly witness in our daily operations.”

Jørgen Burkhardt
Facility Technician

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 healthcare, 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 capable commercial partners.

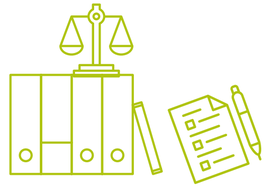
Our long-term strategy involves increasing the use of our current devices, including ensuring compatibility with new technologies, and developing the next generation of hemostatic devices. This happens in close collaboration with our innovation and sales partner Ethicon, Inc., part of the Johnson & Johnson Medical Devices Companies.

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

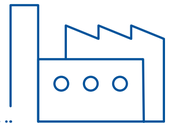
Research and development

- 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



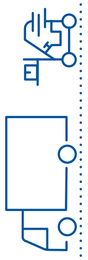
Regulatory filing and approval

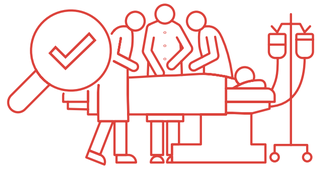
- We develop a regulatory strategy taking the regulatory requirements of relevant markets into consideration
- We prepare technical non-clinical and clinical documentation and set up regulatory files to get new devices approved for the market



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.[5]

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.

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

03

Sustainability and impact

SUSTAINABILITY AND IMPACT

Delivering health impact with a minimal footprint

We recognize our responsibility for the impact Ferrosan Medical Devices has on employees, our society, and the planet. We want to maximize the positive impact of our devices in healthcare for surgeons, nurses, patients, and society while acting responsibly in all aspects of our business and minimizing our environmental footprint.

The efforts to improve our sustainability profile across the environment, social and governance (ESG) areas continued in 2023. We launched and implemented initiatives such as connecting the Danish site to district energy, strengthening our focus on employee wellbeing and stepping up cybersecurity activities.

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

Products that make a difference

We are devoted to developing, manufacturing, and distributing safe and effective medical devices that enable surgeons and nurses to help patients when performing surgical procedures. The impact of our devices in healthcare is inherently positive for all involved parties, enabling our purpose: “Making seconds count in surgical care”. Ferrosan Medical Devices is committed to becoming a sustainable medical device company with a positive impact in healthcare globally.

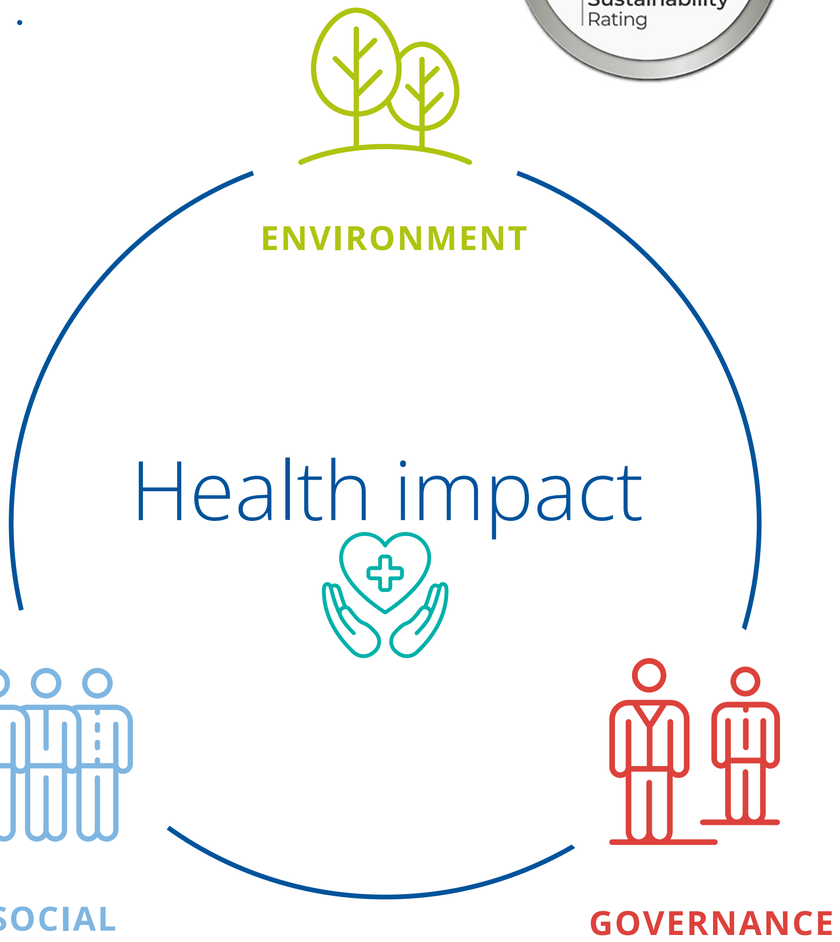
A responsible and sustainable business

Our sustainability efforts focus on environmental, social and governance matters, underlining Ferrosan Medical Devices’ commitment to acting responsibly and sustainably in all aspects of our business as we develop, produce and sell medical devices.

Our ESG framework sets targets and monitors performance against these based on key metrics defined by Nasdaq Copenhagen, the Danish Finance Society and FSR (Danish Auditors). We have added additional metrics, which are considered relevant to our business specifically. As our work with sustainability evolves, we continue to adapt and improve data, disclosures, and metrics.

In 2024, we will continue to strengthen our systems and build our reporting capabilities to ensure compliance with the reporting requirements of the EU’s Corporate Sustainability Reporting Directive.

Our disclosures on ESG issues cover information on targets, initiatives, progress and plans in accordance with sections 99a, 99b and 99d of the Danish Financial Statements Act.

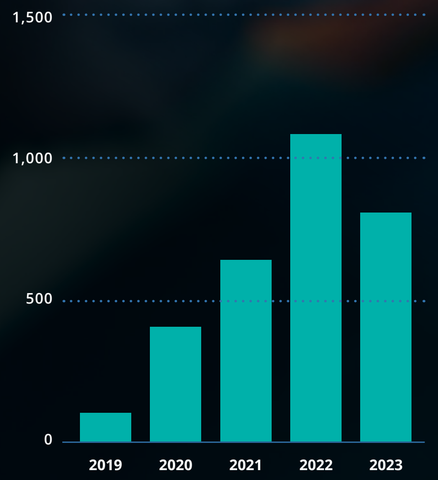


HEALTH IMPACT

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 healthcare. Today, our devices are used in surgical care by healthcare 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 2023, 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.[6] 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.[7]

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.

6. 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
7. 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.
8. 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)
9. 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:[6,7,8,9]

- **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 healthcare cost** from surgical procedures

ENVIRONMENT

Minimizing our environmental footprint

We recognize the environmental impact of our business at Ferrosan Medical Devices and share the concerns regarding climate change. We want to reduce our environmental footprint and are taking active steps to integrate this commitment into our decisions and daily operations.

Our environmental impact is primarily comprized of energy consumption, material usage and transportation activities. This generates greenhouse gas emissions that may have adverse effects on climate change, which poses a long-term risk to both society and our company. We are working on mitigating this risk and remain committed to reducing 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.

Ferrosan Medical Devices remains 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.

Our environmental targets are aligned with the requirements and guidelines set by the Science Based Targets initiative (SBTi) to ensure that our ambitions 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.

We still want to explore options to reduce our scope 1 and 2 emissions at a faster pace than the minimum requirements set by SBTi with a view to setting a new and more ambitious target. To this end, we also maintain our objective of procuring 100% of the electricity directly consumed by Ferrosan Medical Devices from renewable sources by 2025.

We remain committed to reducing emissions in line with the intention of the Paris Agreement

In 2023, we continued the efforts to reduce our environmental footprint, taking further steps to reach our targets. We connected our site in Denmark to the district energy grid as planned and continued to source all electricity for the site from renewable sources. Additionally, the Danish site was fitted with new heating, ventilation and air-conditioning infrastructure during 2023. There were also additional efforts, including introduction of waste sorting stations and removal of single-use hand towels in kitchens and bathrooms. At our Polish site, we replaced existing lighting with energy-saving LED lighting fixtures and improved waste management through optimization of logistics and internal processes.

	Unit	Reference to frameworks	2023	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	1,192	1,223	1,240	-	-
CO_2e, scope 2	Tons		389	391	391	-	-
CO_2e, scope 3	Tons		14,766	12,073	12,099	-	-
CO_2e intensity, scope 3	Tons CO_2e per DKKm revenues		16.5	14.9	16.8		
CO_2e intensity, scope 1–3	Tons CO_2e per DKKm revenues		18.3	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	37,286	38,264	37,724	33,287	34,412
Energy intensity	Gigajoules per DKKm revenues		41.7	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	37	34	31	28	23
Waste generation	Tons	• GRI: 306-3 • SDG: 12	387	372	274	211	190
Water consumption	m^3	• GRI: 303-5 • SDG: 6 • Nasdaq (2019) ESG Reporting Guide 2.0, E6	21,939	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. All emissions accounted for in the Group's Greenhouse Gas Inventory are in accordance with the methodology set out in the Greenhouse Gas Protocol Corporate Standard.

Relevant definitions:
CO_2e, scope 1: Emissions include on site fuels used in production of medical devices and fuel used in the heating of FeMD offices. Emissions from fuel consumption used in company cars is also included. Subsequent emissions are multiplied by emission factors from the UK Department for Environment, Food and Rural Affairs (DEFRA).
CO_2e, scope 2: Emissions include the purchase of electricity for FeMD use via kWh usage. Emissions are calculated using both the market and location based approaches. Emissions above are reported according to the market based approach. When calculating using the market based approach, all purchased electricity in FeMD's Danish entities are covered by Renewable Energy Certificates (REC). These certificates are proof of origin of renewable energy, therefore the emissions equate to 0. Electricity purchased for FeMD's Polish sites, are not covered by RECs and it is assumed that the electricity purchased is the residual electricity left in the grid. Therefore the AIB residual emission factor for Poland was applied to all purchased electricity. Location-based scope 2 emissions were 853 ton in 2021, 600 tons in 2022 and 499 tons in 2023.
CO_2e, scope 3: Emissions were calculated based on the Greenhouse Gas Protocol Scope 3 methodology, which divides Scope 3 into 15 sub-categories covering both upstream and downstream activities. 11 of these categories are relevant for FeMD and included in the calculations: Purchased Goods and Services (C1), Capital Goods (C2), Fuel and Energy Related Activities (C3), Upstream Transportation (C4), Waste Generated in Operations (C5), Business Travel (C6), Employee Commuting (C7) Downstream Transportation (C9), Processing of Sold Products (C10), Use of Sold Products (C11) and End of Life of Sold Products (C12).
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 2019-2023. 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.

ENVIRONMENT
continued...

Continuing the work in 2024

We will maintain the traction from recent years in 2024 and continue to pursue our ambitions of reducing Ferrosan Medical Devices' environmental footprint.

Based on the energy optimization initiatives implemented at the Danish site, we will further optimize the heating, ventilation and air-conditioning infrastructure in 2024. We will also investigate options of entering into a power purchase agreement, ensuring renewable electricity supply for our Danish site while adding new renewable energy generation to the local grid. In addition, we will aim to introduce more sustainable sterilization methods for our devices and improve the footprint of packaging materials and distribution. In Poland, we will focus on specifying options to connect our site to renewable electricity and continue to implement energy-saving initiatives on-site.

To achieve long-term scope 3 emissions reductions, it is critical to make smart decisions when developing new devices. We work with guiding principles for sustainable innovation of medical devices:

- We design resource-efficient devices that minimize material use and are made of materials with minimal carbon footprints.
- We optimize packaging design and configurations to minimize material use and transportation.
- We seek to improve the environmental impact of our entire value chain by cooperating with our suppliers on shared sustainability ambitions.
- 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 CO_2 emissions resulting from specific design choices. This tool is an integral part of our project stage-gate model.

Tine Østerbye
Quality Control Technician

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.

Our commitment to a healthy, safe, and attractive workplace for all employees includes fostering an environment that is respectful and free from discrimination and harassment. We ensure that our employees feel respected and appreciated by providing equal opportunities regardless of ethnicity, gender, gender identity, religion, sexual orientation, political views, age, nationality, disability, physical appearance, or other status.

In 2023, we created a Diversity & Inclusion Roadmap with several specific initiatives, including support for managers to reduce bias when hiring, retaining and promoting talents.

We maintained our focus on reducing the risk of workplace accidents and reported a decline in accidents with absence in 2023. We continued to conduct awareness-raising campaigns and implement measures to reduce occupational injuries at our facilities.

In 2023, we launched our Sustainable Wellbeing Program including mandatory training for both managers and employees in stress awareness and dialogue techniques, optional team development workshops, and continuous follow-up. We also launched a Life Phase Policy to communicate available solutions supporting a flexible work life at Ferrosan Medical Devices.

We maintained the important feedback loop from employees through the employee engagement, survey conducted three times annually, to gather valuable input on wellbeing from employees to managers.

In 2023, female representation in management increased to meet our declared target of at least 40% representation of both genders (female and male) in management.

Ferrosan Medical Devices continues efforts to create a safe, healthy, attractive, and equal workplace by:

- 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 the 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.

	Unit	Reference to frameworks	2023	2022	2021	2020	2019
Full-time workforce	FTEs		379	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	53	54	55	-	-
Gender diversity, management	% Women		41	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	1.1	-	-
Employee turnover ratio	% Turnover	• GRI: 401-1 • UNGC: Principle 6 • Nasdaq (2019) ESG Reporting Guide 2.0, S3	18	19	20	15	13
Sickness absence*	Days per FTE	• SDG: 8	10.1	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	5	7	4	2	-
Employee survey	Yes/No		Yes	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.

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, 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: 1.0), non-operators employed in Denmark (ratio: 1.1), operators employed in Poland (ratio: 1.0) and non-operators employed in Poland (ratio: 1.4).
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.

SOCIAL

continued...

We recognize Ferrosan Medical Devices' obligation to not violate international labor rights and to promote and respect human rights throughout all 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. We inform new employees about our policies on business ethics to address this 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.

Continuing the efforts in 2024

We will continue our efforts to let our company values guide our leadership and interaction with one another throughout 2024 and remain committed to supporting the health and wellbeing of our employees. To this end, the recently established Diversity & Inclusion roadmap will also be fully implemented during 2024.

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

Due to a low number of positions (7) 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., a target of 29%). 29% is considered equitable gender distribution for a management body that comprizes 7 persons according to The Danish Business Authority. 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.

"Rejoining Ferrosan Medical Devices in 2022, I was really thankful for the warm welcome from both new and old colleagues. The company offers several learning opportunities, and in Quality Control, we are developing new competencies and systems to adapt to continuous growth. We are also focused on people development while maintaining a fun culture in the team and prioritizing social initiatives and events.

To me, it is essential that we maintain the focus on fostering an engaging and caring culture."

Hanne Krogh Riis
Senior Quality Control Technician

Gender distribution: Board of Directors

	Unit	2023	2022	2021	2020	2019
Members	#	7	7	5	5	5
Share of the underrepresented gender	%	29	29	20	20	20
Target representation	%	29	29	20	20	20
Timing of target realization	Year	2022	2022	2022	2022	2022

Gender distribution: Management[10]

	Unit	2023	2022	2021	2020	2019
Members	#	29	27	20	18	17
Share of the underrepresented gender	%	41	37	50	44	41
Target representation	%	40	40	40	40	40
Timing of target realization	Year	2023	2023	2021	2020	2019

10. In 2022, the the company updated the organizational structure, which resulted in a new Management group. Thus, the numbers for 2022 and 2023 are not directly comparable to the previous years.

GOVERNANCE

Acting responsibly in all aspects of our business

Ferrosan Medical Devices is devoted to responsible conduct in all aspects of our business and expects all employees to act with integrity in all matters. We also strive to work with third parties and partners who share our values and ethical principles.

The Board of Directors and the Executive Board are responsible for ensuring sustainable governance of Ferrosan Medical Devices through appropriate values, processes, policies, and systems enforcing high ethical standards and compliance with all laws, rules and regulations in applicable jurisdictions.

Ferrosan Medical Devices has committed to the UN Global Compact's Ten Principles and considers the respect for human rights and international labor rights integral to our company's operations as we work to prevent any involvement in human or labor rights abuses across all aspects of our business.

Our policy on anti-corruption 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 acknowledges the inherent risk of employees or partners behaving illegally or unethically and has implemented measures in place to prevent this. We continuously mitigate relevant risks and consider the current risk of employees and partners violating human rights, labor rights or anti-corruption laws to be low. We have established an externally managed whistleblower system for internal and external individuals to report irregularities and inappropriate behavior via our website, and no reports were filed in 2023.

We continued the efforts to promote good governance across Ferrosan Medical Devices in 2023 with a particular emphasis on the cybersecurity area, which is estimated to hold the greatest potential governance risk for the company.
The initiatives included:

- An annual assessment conducted by an external partner.
- Ongoing cyber awareness training for employees with access to corporate infrastructure.
- Dedication of internal resources to lead cybersecurity efforts with external partners.
- Establishing a 24/7 Managed Detection & Response (MDR) setup including incident response.
- Implementing vulnerability management focused on supply chain and hosting partners.
- Upgrading and harmonizing network infrastructure across sites.

	Unit	Reference to frameworks	2023	2022	2021	2020	2019
Gender diversity, Board of Directors	% Women	• GRI: 405-1 • SDG: 10 • Nasdaq (2019) ESG Reporting Guide 2.0, G1	29	29	20	20	20
Board meeting attendance rate	% Attendance		100	94	100	97	90
CEO pay ratio	Times	• GRI: 102-38 • UNGC: Principle 6 • Nasdaq (2019) ESG Reporting Guide 2.0, S1	5.8	5.5	5.6	-	-

Relevant definitions:
Gender diversity, Board of Directors: Total board seats occupied by women, as compared to men.
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.

In accordance with section 99d of the Danish Financial Statements Act, Ferrosan Medical Devices has a policy on cybersecurity, 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.

Maintain focus on governance in 2024

In 2024, Ferrosan Medical Devices will maintain the focus on good governance and continue to update and maintain policies, processes, and systems. We will continue to provide new employees with information on business ethics and encourage them to report any instances of suspected unethical conduct as part of our employee onboarding program.

In terms of cybersecurity, we will focus on documenting compliance with all aspects of the EU-wide legislation introduced in the NIS2 Directive in 2023 and will implement automated reporting of the company's cyber posture.

04 Corporate matters

OWNERSHIP AND MANAGEMENT

Long-term institutional owners and experienced management

Ferrosan Medical Devices is owned by a consortium of institutional investors with deep industry insight and led by a management team with extensive experience in the international healthcare space.

Ownership

Ferrosan Medical Devices is owned by a Danish consortium of long-term institutional investors consisting of Kirk Kapital, ATP, and the Lundbeck Foundation, as well as selected members of management and key employees.

The owners have solid healthcare experience and expertize combined with strong financial capabilities. The owners have the ultimate authority at Ferrosan Medical Devices and exercise their right to make decisions at general meetings where members of the Board of Directors are elected and the independent auditor is appointed.

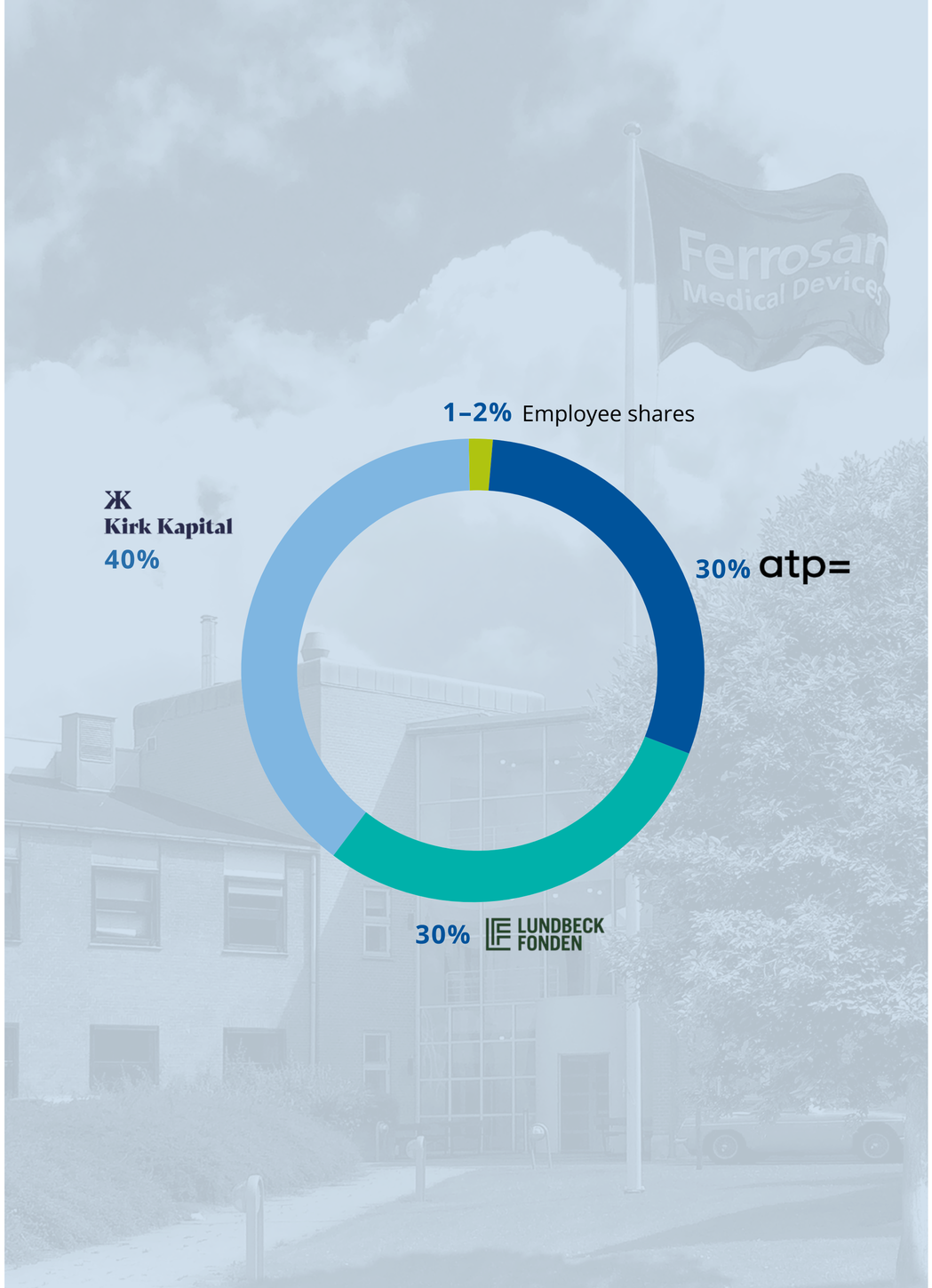
Management

The company has a two-tier management structure comprized of the Board of Directors and the Executive Board. The Board of Directors appoints and supervises the Executive Board and is responsible for the overall management, development and strategic direction of Ferrosan Medical Devices. The Board of Directors acts in accordance with applicable legislation and convenes at least four times a year, or as required by special circumstances, supplemented by monthly follow-up meetings attended by the chairmanship, owners and the Executive Board.

The composition of the Board of Directors ensures that its members represent the required professional breadth, industry knowledge, diversity and international experience. At present, the Board of Directors of the Ferrosan Medical Devices group has seven shareholder-elected members and four observers comprized of employee-elected members of the Board of Directors in the Group's Danish subsidiary Ferrosan Medical Devices A/S.

Shareholder-elected board members serve for terms of one year and are up for election at the annual general meeting, whereas employee-elected members in the Danish subsidiary are elected for terms of four years and most recently in 2023.

The Executive Board consists of the CEO and CFO with responsibility for day-to-day management and execution of strategic priorities and initiatives in accordance with guidelines from the Board of Directors. To ensure efficient day-to-day management of the company, the Executive Board has established a Group Executive Management team consisting of seven members including the CEO and CFO.



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 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 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 Corporate Vice President of Device Research. Mia's most recent position was Vice President, Global Device Development, Innovation Unit at Boehringer Ingelheim. In early 2024, she joined Ascendis Pharma as Senior Vice President, Combination Product Development.

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 Ownership in 2022.

Arne has been on the Board of Directors since 2022.

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 HusCompagniet.

Anja has been on the Board of Directors 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 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 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 is inherently exposed to risks that may negatively impact its daily operations, financial results, and future growth prospects.

We apply a systematic risk management approach to continuously identify, evaluate, register, prioritize, and mitigate business risks that might impact Ferrosan Medical Devices' performance. We have a set methodology, an aligned process, and a platform to ensure proactive management of relevant risks, which is essential to promote and protect value creation.

The Group Executive Management team is responsible for risk management, including ensuring that our risk register is updated, that significant risks are analyzed and that prioritized risks are mitigated. Specific assignments are delegated to relevant departments to ensure that risk management – from identification to mitigation – is anchored in the organization.

Based on the structured review completed in 2023, the three areas described are assessed to still be the most significant risks for Ferrosan Medical Devices. In addition, we have identified and carefully assessed numerous other risks – including the company's ability to achieve certification under the European Union's Medical Device Regulation, maintaining competitiveness and ensuring security of supply of externally sourced components – which are considered important and diligently managed as part of daily operations.

OPERABILITY AND CAPACITY IN MANUFACTURING

It is of paramount importance to Ferrosan Medical Devices to deliver high-quality medical devices to our commercial partners and meet the steadily increasing demand for our products, and we remain cautious of our mature and manual manufacturing equipment, both internally and externally. It is critical, to maintaining business continuity and protecting our reputation, that we are able to ensure sufficient manufacturing capacity and prevent equipment breakdowns.

To mitigate these risks, we have an operations strategy with a view to ensure future operability and capacity. The strategy is reviewed and updated annually. As part of the strategy, we evaluate all internal and external processes based on capacity requirements, robustness needs, and compliance levels. The strategy also includes a long-term plan for equipment upgrades and replacements.

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

PROTECTION AGAINST CYBERATTACKS AND CYBERCRIME

The threat of cybercriminal activity and cyberattacks is increasing, and Ferrosan Medical Devices considers the protection of our company against such criminal acts critical for preserving business continuity and safeguarding sensitive data. Malicious hacking, data leaks and theft of intellectual property rights or similar may have extensive negative consequences for Ferrosan Medical Devices, including reputational damage, costly mitigation measures and possibly regulatory fines.

We perform an annual investigation and test of our security systems and IT infrastructure with external partners to mitigate the risks related to cybercriminal activity and cyberattacks. This process enables the identification and categorization of potential security gaps with a view to take prompt action and addressing them. These exercises are conducted at our sites in Poland and Denmark.

Ferrosan Medical Devices has systems in place to continuously monitor IT infrastructure and identify potential breaches. In case of a breach, we have processes in place to take immediate action supported by cybersecurity experts and advisory firms.

ATTRACTION AND RETENTION OF TALENT

It remains critical for Ferrosan Medical Devices to attract and retain the right talent for achieving our strategic objectives and realizing our purpose of "making seconds count in surgical care".

We continued to experience a positive decline in employee turnover at our sites in Denmark and Poland during 2023 despite increasing competition for talent. These positive developments demonstrate that our efforts to improve retention are working.

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

05 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 2023.

The Consolidated Financial Statements have been prepared in accordance with IFRS Accounting 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 2023 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 2023.

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, 20 March 2024

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 shareholder 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 01.01.2023–31.12.2023, which comprize the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information, for the Group as well as the Parent. The consolidated financial statements are prepared in accordance with IFRS Accounting 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 31.12.2023, and of the results of its operations and cash flows for the financial year 01.01.2023–31.12.2023 in accordance with IFRS Accounting 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 31.12.2023, and of the results of its operations for the financial year 01.01.2023–31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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 by relevant laws and regulations.

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 information required by relevant laws and regulations. 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 view in accordance with IFRS Accounting 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 the consolidated 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.

Independent auditor's report

Continued...

- 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, 20 March 2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 43531093

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

Victor Fortmann Storm
State Authorised Public Accountant
Identification No (MNE) mne50626

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Consolidated financial statements

Consolidated financial statements

Statement of comprehensive income

DKK'000	Note	2023	2022
Revenue	4	893,367	2,452
Cost of sales		(219,666)	(1,022)
Gross profit		**673,701**	**1,430**
Staff costs	5	(214,949)	(8,339)
Other external expensens		(107,577)	(50,771)
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**351,175**	**(57,680)**
Depreciation	7	(23,292)	(3,851)
Earnings before interest, taxes and amortization (EBITA)		**327,883**	**(61,531)**
Amortization and impairment losses	7	(138,596)	(308)
Earnings before interest and taxes (EBIT)		**189,287**	**(61,839)**
Financial income	8	9,068	491
Financial expenses	9	(141,849)	(3,860)
Earnings before taxes (EBT)		**56,506**	**(65,208)**
Tax for the year	10	(32,643)	2,319
Earnings after taxes (EAT)		**23,863**	**(62,889)**
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		3,103	82
Other entries on equity		(1,663)	0
Value adjustment of hedging instruments		(11,507)	0
Income tax effect		2,532	0
Other comprehensive income for the year, net of tax		**(7,535)**	**82**
Total comprehensive income/loss		**16,328**	**(62,807)**

Balance sheet

DKK'000	Note	31/12/23	31/12/22
Development project in progress	11,12	52,238	8,302
Acquired intangible assets	11	2,794,852	2,922,622
Patents	11	3,319	0
Goodwill	11,12	2,102,169	2,102,169
Property, plant and equipment	13	290,481	209,485
Right-of-use assets	14	108,751	115,861
Total non-current assets		**5,351,810**	**5,358,439**
Inventories	15	130,856	87,054
Trade receivables	16	121,562	127,585
Deferred tax	10	4,611	4,991
Other receivables		16,409	19,809
Prepayments		3,197	5,661
Cash		14,094	17,610
Total current assets		**290,729**	**262,710**
Total assets		**5,642,539**	**5,621,149**

DKK'000	Note	31/12/23	31/12/22
Share capital	18	400	100
Translation reserve		3,185	82
Hedging reserve		(8,975)	0
Retained earnings		2,843,331	2,821,931
Total equity		**2,837,941**	**2,822,113**
Deferred tax	10	625,499	631,291
Interest-bearing liabilites	14,19	1,851,915	1,953,798
Total non-current liabilities		**2,477,414**	**2,585,089**
Current portion of non-current liabilities other than provisions		75,000	30,000
Interest-bearing liabilites	14,19	66,585	34,934
Trade payables		107,076	73,462
Current tax liability	10	28,925	33,074
Other payables		49,598	42,477
Total current liabilities		**327,184**	**213,947**
Total liabilities		**2,804,598**	**2,799,036**
Total equity and liabilities		**5,642,539**	**5,621,149**

Changes in equity

DKK'000	Share capital	Translation on reserve	Retained earnings	Retained earnings	Total
2023					
Balance at 1 January	**100**	**82**	**0**	**2,821,931**	**2,822,113**
Net Earnings after taxes (EAT) for the period	0	0	0	23,863	23,863
Exhange differences on transational of foreign operations	0	3,103	0	0	3,103
Other entries on equity	0	0	0	(1,663)	(1,663)
Value adjustments of hedging instruments	0	0	(11,507)	0	(11,507)
Income tax effect			2,532		2,532
Total other comprehensive income	**0**	**3,103**	**(8,975)**	**22,200**	**16,328**
Total comprehensive income for the year	**0**	**3,103**	**(8,975)**	**22,200**	**16,328**
TRANSACTIONS WITH OWNERS					
Transferred to reserves	300	0	0	(300)	0
Dividends				(500)	(500)
Total transactions with owners	**300**	**0**	**0**	**(800)**	**(500)**
Balance at 31 December	**400**	**3,185**	**(8,975)**	**2,843,331**	**2,837,941**

DKK'000	Share capital	Translation on reserve	Hedging reserve	Retain earnings	Total
2022					
Net Earnings after taxes (EAT) for the period	0	0	0	(62,889)	(62,889)
Exhange differences on transational of foreign operations	0	82	0	0	82
Total comprehensive income for the year	**0**	**82**	**0**	**(62,889)**	**(62,807)**
TRANSACTIONS WITH OWNERS					
Contribution upon formation	40	0	0	0	40
Capital increase	60	0	0	24,300	24,360
Group contributions	0	0	0	2,860,520	2,860,520
Total transactions with owners	**100**	**0**	**0**	**2,884,820**	**2,884,920**
Balance at 31 December	**100**	**82**	**0**	**2,821,931**	**2,822,113**

Cash flow statement

DKK'000	Note	2023	2022
Earnings before interest and taxes (EBIT)		189,287	(61,839)
Depreciation, amortization and impairment losses	7	161,888	4,159
Change in working capital	17	8,885	527
Financial income received		5,874	491
Financial expenses paid		(141,849)	(3,860)
Income taxes refunded/(paid)		(43,184)	0
Cash flow from operating activities		**180,901**	**(60,522)**
Investments in intangible assets	11	(47,778)	0
Investments in property plant and equipment	13	(104,123)	0
Disposal of property plant and equipment	13	402	0
Acquisition of enterprises		0	3,789,700
Cash flow from investing activities		**(151,499)**	**3,789,700**
Proceeds from borrowings	19	0	982,912
Repayment of interest-bearing liabilities	19	(30,000)	0
Incurrence of debt to related parties	19	10,312	0
Payment of principal portion of lease liabilities	14	(13,666)	0
Cash capital increase		0	2,884,920
Cash flow from financing activities		**(33,354)**	**3,867,832**
CHANGE IN CASH AND CASH EQUIVALENTS			
Cash, 1 January		17,610	0
The effect of exchange rate changes		436	0
Net cash flow		(3,952)	17,610
Cash 31 December		**14,094**	**17,610**

Notes

1. Accounting policies

The Group's consolidated financial statements have been prepared in accordance with IFRS Accounting Standards 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 (IFRS-bekendtgørelsen) issued in accordance with the Danish Financial Statements Act (DFSA).

Basis of consolidation

The Consolidated Financial Statements comprize 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 unrealized 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 recognized 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.

First-time adoption of IFRS

The Group' consolidated financial statements for 2023 have for the first time been prepared in accordance with the IFRS Accounting Standards as adopted by the EU and additional Danish requirements for the presentation of financial statements. The Group was established in 2022. The consolidated financial statements for the period that ended at 31 December 2022 was thus the first set of consolidated financial statements prepared by the Group and which were prepared in accordance with the Danish Financial Statements Act. As a result of the transition to IFRS, IFRS 1 First-time Adoption of IFRS Accounting Standards has been applied.

In accordance with IFRS 1, the Group's income statement for 2023 with comparative figures for the period 22 September–31 December 2022 and the balance sheet at 31 December 2023 with comparative figures for 31 December 2022 have been prepared in accordance with IFRS and related interpretations applicable at 31 December 2023. The Group's opening balance sheet at 22 September 2022 has been prepared in accordance with the same principles.

The disclosures required by IFRS 1 First-time Adoption of IFRS explaining the principal adjustments made by the Group in restating the consolidated financial statements previously preparind in accordance with the Danish Financial Statements Act are provided below.

Impact on total comprehensive income and equity:

	As at 22 September 2022 (date of transition to IFRS)			For 2022	As at 31 December 2022		
Figures in DKK'000	**Assets**	**Liabilities**	**Equity**	**Profit for the year**	**Assets**	**Liabilities**	**Equity**
According to the Danish Financial Statement Act	40	0	40	(62,889)	5,518,335	2,679,595	2,838,740
IFRS adjustments							
Total IFRS adjustments	0	0	0	0	102,814	119,441	(16,627)
A. Leases	0	0	0	0	115,861	122,311	(6,450)
B. Development projects	0	0	0	0	(13,047)	(2,870)	(10,177)
Total according to IFRS	**40**	**0**	**40**	**(62,889)**	**5,621,710**	**2,799,036**	**3,242,709**
Exchange differences on translation into presentation currency	0	0	0	0	0	0	0
Total comprehensive income	**0**	**0**	**0**	**(62,807)**	**0**	**0**	**0**

A. Leases

Under the Danish Financial Statements Act, a lease is classified as either a finance lease or an operating lease. Operating lease payments are recognized as an operating expense in the statement of profit or loss on a straightline basis over the lease term. Under IFRS, a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments. As a result, the Group recognized DKK 115,861 thousand 31 December 2022 of right-of-use assets and DKK 122,311 thousand 31 December 2022 of lease liabilities. Additionally, depreciation increased by DKK 308 thousand and finance costs increased by DKK 145 thousand for the period 22 September–31 December 2022. Payments of principal portion of the lease liabilities is presented as cash flow from financing activities and paid interests is presented as cashflow from operating activities in the cash flow statement. Payments of the principal portion amounts to DKK 392 thousand.

B. Development projects

Under the Danish Financial Statements Act, it is possible to recognize indirect costs af part of the development projects. Under IFRS, only costs which can be allocated directly to the production and preparation of the asset can be capitalized. Therefore under IFRS, these indirect costs are expensed in the year they occurred. As a result the carrying amount of development projects has been reduced by DKK 13,047 thousand as of 31 December 2022. The effect on the income statement in 2022 amount to DKK 0 thousand as an increase to staff costs.

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.

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

Statement of profit or loss
Revenue
Revenue from sales of medical products are recognized 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 recognized 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 recognized 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 recognized in the statement of profit or loss in the period to which they relate and any contributions outstanding are recognized in the statement of financial position as other liabilities.

Financial income and financial expenses
Financial income and expenses include interest income, interest expense, amortization of borrowing costs and realized and unrealized exchange gains and losses.

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

Current tax payable and receivable is recognized 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 recognized to the extent that it is more likely than not that they can be utilized. Deferred tax assets, including the tax value of tax losses carried forward, are recognized as other non-current assets and measured at the amount at which they are expected to be realized, 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 recognized in the statement of profit or loss.

The Group recognizes 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 utilization 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 (Ferrosan Medical Devices HoldCo ApS) 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 recognized directly in profit/(loss).

An impairment loss recognized 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 amortization year and the amortization 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 amortization expense on intangible assets with finite lives are recognized 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 amortized on a straight-line basis over the estimated useful life from the date when the assets are available for use. The amortization 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 recognized 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 recognized under other external expense or staff cost in the income statement as incurred. Development projects are measured at cost less accumulated amortization and impairment.

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

Rights and development expenses, which are recognized in the balance sheet, are initially measured at cost and subsequently at cost less accumulated amortization 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 amortization 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 recognized in the income statement as other operating income or other operating expenses, respectively.

Property, plant and equipment

Property, plant and equipment comprize 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized in the statement of profit or loss.

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

Inventories
Inventories are measured at the lower of cost and net realizable value. Net realizable 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 amortized 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 recognized in the statement of profit or loss in other external expenses.

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

Interest-bearing liabilities
Interest-bearing liabilities are measured at amortized 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 Accounting 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 recognizing 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	2023	2022
Biomaterial Devices	841,624	0
Electromechanical Devices	51,743	2,452
Total	**893,367**	**2,452**

All revenue are recognized at a point in time, and do not operate in specific markets or public markets. However, the majority of the revenue is delivered to a customer which amount to more than 10 % of the total renveue on both 2023 and 2022.

5. Staff costs

DKK'000	2023	2022
Salaries	187,426	7,354
Pensions	20,481	413
Other social security costs	7,042	572
Total	**214,949**	**8,339**
Average numbers of employees during the year	379	360
KEY MANAGEMENT COMPENSATION		
Board of Directors		
Short-term employee benefits	2,250	81
Total compensentation of Board of Directors	**2,250**	**81**
Executive Management		
Short-term employee benefits	6,713	179
Post-employment benefits	0	2,002
Total compensentation of Executive Management	**6,713**	**2,181**
Other Key Management personnel		
Short-term employee benefits	9,351	310
Post-employment benefits	0	1,780
Total compensentation of Other Key Management personnel	**9,351**	**2,090**

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

6. Fees paid to auditors appointed at the annual general meeting

DKK'000	2023	2022
Statutory audit	1,184	179
Other assurance services	155	0
Tax and VAT advisory servives	1,261	95
Other services	1,182	207
Total	**3,782**	**481**

7. Depreciation, amortization and impairment losses

DKK'000	2023	2022
Amortization of intangible assets	128,123	3,851
Depreciation and write-down of property, plant, and equipment	23,292	0
Loss from sale of intangible assets and property, plant, and equipment	(46)	0
Depreciation of right-of-use assets	10,519	308
Total	**161,888**	**4,159**

8. Financial income

DKK'000	2023	2022
Foreign currency gains	4,246	491
Other financial income	4,822	0
Total	**9,068**	**491**

9. Financial expenses

DKK'000	2023	2022
Interest on interest-bearing debt	129,264	3,860
Interest on debt to related parties	1,374	0
Foreign currency losses and other adjustments	8,229	0
Other financial expenses	2,982	0
Total	**141,849**	**3,860**

10. Tax for the year

DKK'000	2023	2022
TAX FOR THE CURRENT YEAR CAN BE SPECIFIED AS FOLLOWS		
Tax of the result of the year	(32,643)	2,319
Tax on other comprehensive income	2,532	0
	(30,111)	**2,319**
Current tax for the year income	46,373	(1,472)
Changes in deferred tax	(2,880)	(847)
Correction previous years	(10,850)	0
	32,643	**(2,319)**
Tax calculated as 22% of Earnings before tax	12,431	(14,346)
Effect of tax rate in foreign subsidiaries	(94)	(22)
Tax deduction on development cost	(875)	(103)
Non tax deductable expenses	14	12,375
Interest deduction limitation	24,913	0
116% tax deduction on PPE	(119)	0
Non-capitalized tax assets	(853)	(223)
Other adjustments	(2,774)	0
Effective tax	**32,643**	**(2,319)**
Effective tax rate (%)	**58%**	**4%**

DKK'000	2023	2022
DEFERRED TAX LIABILITIES, NET		
Deferred tax 1 January	626,300	0
Deferred tax for business acquisition	0	627,147
Deferred tax for the year recognized in the statement of profit or loss	(2,880)	(847)
Deferred tax for the year recognized in other comprehensive income	(2,532)	0
Deferred tax 31 December	**620,888**	**626,300**
DEFERRED TAX IS RECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION AS FOLLOWS		
Deferred tax (asset)	4,611	4,991
Deferred tax (liability)	625,499	631,291
Net, total	**620,888**	**626,300**
DEFERRED TAX CONCERNS		
Intangible assets	630,921	635,960
Tangible assets	(5,618)	(6,358)
Inventories	1,456	656
Receivables	(2,532)	0
Other provisions	(3,339)	0
Payables	0	(3,281)
Tax losses carried forward	0	(677)
Total	**620,888**	**626,300**

11. Intangible assets

DKK'000	Completed development projects	Development projects in progress	Patents	Goodwill	Aquired intangible assets	Total
2023						
Cost at 1 January	0	8,302	0	2,102,169	2,926,473	5,036,944
Foreign exchange adjustments	0	(170)	0	0	0	(170)
Additions	0	44,106	3,672	0	0	47,778
Cost at 31 December	**0**	**52,238**	**3,672**	**2,102,169**	**2,926,473**	**5,084,552**
Amortization and impairment losses at 1 January	0	0	0	0	(3,851)	(3,851)
Foreign exchange adjustments						
Transfer						
Amortization during the year	0	0	(353)	0	(127,770)	(128,123)
Disposals during the year						
Amortization and impairment losses at 31 December	**0**	**0**	**(353)**	**0**	**(131,621)**	**(131,974)**
Carrying amount at 31 December	**0**	**52,238**	**3,319**	**2,102,169**	**2,794,852**	**4,952,578**

DKK'000	Development projects in progress	Goodwill	Aquired intangible assets	Total
2022				
Business acquisitions	8,302	2,102,169	2,926,473	5,036,944
Cost at 31 December	**8,302**	**2,102,169**	**2,926,473**	**5,036,944**
Amortization during the year	0	0	(3,851)	(3,851)
Amortization and impairment losses at 31 December	**0**	**0**	**(3,851)**	**(3,851)**
Carrying amount at 31 December	**8,302**	**2,102,169**	**2,922,622**	**5,033,093**

Completed development projects relate to the development of Biomaterial Devices products. Management has an expectation of positive earnings from the project. During 2023 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 recognized developed projects at the reporting date.

In addition, it is Management assessment that the Group have the necessary competencies and have the intention to finalize development projects in progress as of 31 December 2023.

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	Trademark	Goodwill	Share
Biomaterial Devices	8,302	371,100	2,102,169	100%
Total	**8,302**	**371,100**	**2,102,169**	**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 2024–2028 approved by the Board of Directors.

The forecast for 2024–2028 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:

	2023
Revenue growth rates 2024–2028	9.0%
Growth rate in terminal period	2.0%
Discount rate before tax (%)	11.1%
Discount rate (WACC)	9.0%

13. Property, plant and equipment

DKK'000	Other fixtures and fittings, tools and equipment	Plant and machinery	Leasehold improvement	Assets under construction	Total
2023					
Cost at 1 January	25,971	21,729	4,991	156,795	209,486
Foreign exchange adjustments	220	1,189	434	132	1,975
Additions	3,272	5,269	4,321	91,261	104,123
Disposals	0	0	0	(402)	(402)
Transfer	(737)	36,739	96,860	(132,862)	0
Cost at 31 December	**28,726**	**64,926**	**106,606**	**114,924**	**315,182**
Depreciation at 1 January	0	0	0	0	0
Foreign exchange adjustments	(111)	(993)	(305)	0	(1,409)
Transfer	79	(79)	0	0	0
Depreciation during the year	(7,252)	(7,684)	(8,356)	0	(23,292)
Depreciation at 31 December	**(7,284)**	**(8,756)**	**(8,356)**	**0**	**(24,701)**
Carrying amount at 31 December	**21,442**	**56,170**	**97,945**	**114,924**	**290,481**

DKK'000	Other fixtures and fittings, tools and equipment	Plant and machinery	Leasehold improvement	Assets under construction	Total
2022					
Business Acquisition	25,971	21,728	4,991	156,795	209,485
Cost at 31 December	**25,971**	**21,728**	**4,991**	**156,795**	**209,485**
Depreciation during the year	0	0	0	0	0
Depreciation at 31 December	**0**	**0**	**0**	**0**	**0**
Carrying amount at 31 December	**25,971**	**21,728**	**4,991**	**156,795**	**209,485**

14. Leases

DKK'000	Property	Cars	Total
2023			
Cost at 1 January	114,966	1,203	116,169
Additions	2,928	481	3,409
Cost at 31 December	**117,894**	**1,684**	**119,578**
Depreciation at 1 January	(285)	(23)	(308)
Depreciation during the year	(9,757)	(762)	(10,519)
Depreciation at 31 December	**(10,042)**	**(785)**	**(10,827)**
Carrying amount at 31 December	**107,852**	**899**	**108,751**
2022			
Business Acquisition	114,966	1,203	116,169
Cost at 31 December	**114,966**	**1,203**	**116,169**
Depreciation at 1 January	(285)	(23)	(308)
Depreciation at 31 December	**(285)**	**(23)**	**(308)**
Carrying amount at 31 December	**114,681**	**1,180**	**115,861**

Carrying amounts of lease liabilities and movements during the period:

DKK'000	2023	2022
At 1 January	122,311	0
Business acquisition	0	122,558
Additions	**3,409**	**0**
Accrual of interest	4,648	145
Payments	(13,666)	(392)
At 31 December	**116,702**	**122,311**
Current	9,392	8,824
Non-current	107,310	113,487

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

DKK'000	2023	2022
Depreciation expense of right-of-use assets	10,519	308
Interest expense on lease liabilities	4,648	145
Expense relating to short-term leases (included in other external expenses)	0	0
Total amount recognized in the statement of profit or loss	**15,167**	**453**

The Group had a total cash outflow for leases of DKK 13,666 thousand (2022: DKK 392 thousand). The Group leases offices and lease terms are negotiated on an individual basis and contain different terms and conditions. The Group had non-cash additions to right-of-use assets and lease liabilities of DKK 3,409 thousand in 2023 and none in 2022.

15. Inventories

DKK'000	2023	2022
Raw materials	90,021	53,333
Goods under construction	24,525	20,942
Finished goods	18,831	17,305
Write-down inventories	(2,521)	(4,526)
Total at 31 December	**130,856**	**87,054**

During the period DKK 0 thousand (2022: DKK 36 thousand) was recognized as an expense (a write-down) in the income statement.

16. Trade receivables

DKK'000	2023	2022
Trade receivables	121,562	127,585
Total	**121,562**	**127,585**

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.

17. Working capital changes

DKK'000	2023	2022
Change in inventories	(43,802)	0
Change in receivables and prepayments	11,887	0
Change in trade payables and other debt etc.	40,800	527
Total	**8,885**	**527**

18. Share capital

At 31 December 2023, the share capital consisted of 100,000 (2022: 100,000) 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	2023	2022
ISSUED AND FULLY PAID-UP SHARES		
At 1 January	100	0
Contribution upon formation	0	40
Capital increase	0	60
Share capital at 31 December	**100**	**100**

19. Interest-bearing liabilities

DKK'000	2023	2022
BORROWINGS		
Non-current interest-bearing liabilities	1,851,915	1,953,798
Current interest-bearing liabilities	141,585	64,934
Total	**1,993,500**	**2,018,732**

DKK'000	Currency	Interest rate	Average interest rate	Carrying amount
Bank loans	DKK	Floating*	6.26 %	1,836,737
Other payables	DKK	Floating	3.50 %	16,246
Payables to related parties	DKK	Fixed	6.26 %	23,815
Lease liabilities	DKK	Fixed	4.00 %	116,702
Total as of 31 December 2023				**1,993,500**

* The Group has interest rate swaps that converts the floating rate to a fixed rate. The Group's interest rate swaps has a total principal of DKK 1,223,332 thousand. Swaps are disclosed in note 20.

DKK'000	Currency	Interest rate	Average interest rate	Carrying amount
Bank loans	DKK	Floating*	3.87 %	1,855,310
Other payables	DKK	Floating	2.50 %	16,181
Payables to related parties	DKK	Fixed	3.87 %	24,930
Lease liabilities	DKK	Fixed	4.00 %	122,311
Total as of 31 December 2022				**2,018,732**

* The Group has interest rate swaps that converts the floating rate to a fixed rate. The Group's interest rate swaps has a total principal of DKK 1,223,332 thousand. Swaps are disclosed in note 20.

Changes in lease liabilities are shown within note 14. Change in bank loans and payables to related parties.

DKK'000	2023	2022
Liabilities at 1 January	1,880,240	0
Loans raised	10,312	1,880,240
Repayments	(30,000)	0
Accrued interest	0	0
Liabilities at 31 December	**1,860,552**	**1,880,240**

20. 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 risk profile, so that currency, interest rate and credit risks only arise based on commercial conditions.

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 interbank rate plus a premium. If market interest rates increased by one percentage point, the interest rate sensitivity as calculated based on the bank loan balance to related parties at year-end 2023 would lead to a yearly increase in interest expenses of DKK 18,034 thousand. A corresponding decrease in market interest rates would have the opposite impact.

The Group has a policy to hedge interest rate risks on significant long-term loans. The policy is complied with either by taking out fixed-rate loans or by hedging the interest rate risk on floating-rate loans with an interest rate swap that converts the floating rate to a fixed rate. The Group uses interest rate swaps to hedge the interest rate risk on the Group's bank loans of DKK 1,820,000 thousand. The Group's interest rate swaps has a total principal of DKK 1,223,332 thousand, and expires in 2026. Financial instruments are measured at fair value and is recognized directly on equity. All financial instruments are included DKK as currency that follows the Group's loan. The fair value of the company's financial instruments per balance sheet date amounts to DKK 11,507 thousand, and the adjustment for the year amounts to DKK 11,507 thousand. (excluding tax effect), which is recognized directly on equity.

20. Financial risks (continued)

Categories of financial assets and financial liabilities measured at amortized cost

DKK'000	2023	2022
Prepayments	3,197	5,661
Receivables	137,971	147,394
Cash	14,094	17,610
Total assets	**155,262**	**170,665**
Interest-bearing loan, current	1,785,552	1,850,240
Lease liabilities	116,702	122,311
Trade payables	107,076	73,462
Other payables	65,844	58,658
Total liabilities	**2,075,174**	**2,104,671**
Total, net	**2,230,436**	**2,275,336**

Since the Group's financial instruments measured at amortized 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.

Credit risk

It is the Group's assessment that the exposure to credit risk is not significant. Impairment of receivables are immaterial in both 2023 and 2022.

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	2,409	(29)	2,380
PLN	115	(5,371)	(5,256)

Liquidity risk

The Group is monitoring the need of liquidity based on a ongoing basis. At 31 December 2023, the Group has an undrawn credit facility of DKK 117.2 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 summarizes 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 2023						
Interest-bearing loans	87,192	45,000	1,728,360	0	1,860,552	1,860,552
Lease liabilities	2,098	6,294	39,912	68,398	116,702	116,702
Other payables	49,598	0	0	16,246	65,844	65,844
Trade payables	107,076	0	0	0	107,076	107,076
Total non-derivative financial liabilities	**245,964**	**51,294**	**1,768,272**	**84,644**	**2,150,174**	**2,150,174**
YEAR ENDED 31 DECEMBER 2022						
Interest-bearing loans	0	30,000	0	1,850,240	1,880,240	1,880,240
Lease liabilities	2,206	6,618	36,808	76,679	122,311	122,311
Other payables	42,477	0	0	16,181	58,658	58,658
Trade payables	73,462	0	0	0	73,462	73,462
Total non-derivative financial liabilities	**118,145**	**36,618**	**36,808**	**1,943,100**	**2,134,671**	**2,134,671**

21. Guarantees, contingent liabilities, and collateral

Contingent liabilities
The Parent Company participates in a Danish joint taxation arrangement where Ferrosan Medical Devices 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.

22. Related parties

Shareholders	Registered office	Basis of influence
Kirk Kapital Strategic Investments A/S	Denmark	33.33–49.99%
Arbejdsmarkedets Tillægspension	Denmark	25–33.32%
Lundbechfond Invest A/S	Denmark	25–33.32%

The immediate parent company is Ferrosan Medical Devices MidCo ApS; the ultimate parent company is Ferrosan Medical Devices HoldCo ApS.

Transactions with related parties mentioned above relate to joint taxation payments and management fee that amounts to DKK 405 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 comprize 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.

23. List of Group companies

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

24. 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.

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Parent company financial statements

Parent company financial statements

Statement of profit or loss

DKK'000	Note	2023	2022
Gross profit		**5,637**	**(47,649)**
Staff costs	2	(7,690)	(137)
Operating profit/loss		**(2,053)**	**(47,786)**
Income from investments in group enterprises		587,500	0
Other financial income	3	11,867	161
Other financial expenses	4	(123,176)	(2,102)
Profit/loss before tax		**474,138**	**(49,727)**
Tax for the year	5	0	426
Profit/loss for the year		**474,138**	**(49,301)**
Proposed distribution of profit and loss			
Retained earnings		473,638	(49,301)
Extraordinary dividend distributed in the financial year		500	
Proposed distribution of profit and loss		**474,138**	**(49,301)**

Balance sheet

DKK'000	Note	2023	2022
Investments in enterprises		4,978,589	3,809,392
Receivables from group enterprises		0	870,245
Financial assets	6	**4,978,589**	**4,679,637**
Fixed assets		**4,978,589**	**4,679,637**
Receivables from group enterprises		155,586	180
Deferred tax		2,532	
Other receivables		0	7,529
Income tax receivable		0	426
Receivables		**158,118**	**8,135**
Cash and cash equivalents		2,672	1,306
Total current assets		**160,790**	**9,441**
Total assets		**5,139,379**	**4,689,078**

DKK'000	Note	2023	2022
Share capital		400	100
Reserves		(8,975)	0
Retained earnings		3,308,857	2,835,519
Total equity		**3,300,282**	**2,835,619**
Bank loans		1,728,360	1,799,200
Payables to group enterprises		23,815	21,941
Non-current liabilities other than provisions	7	**1,752,175**	**1,821,141**
Current portion of non-current liabilities other than provisions		75,000	30,000
Trade payables		0	314
Payables to Group entities		0	137
Other payables		11,922	1,867
Total current liabilties		**86,922**	**32,318**
Total liabilities		**1,839,097**	**1,853,459**
Total equity and liabilities		**5,139,379**	**4,689,078**

Changes in equity

DKK'000	Share capital	Retained earnings	Reserve for fair value adjustments of hedging instruments	Total
Equity beginning of year	**100**	**2,835,519**	**0**	**2,835,619**
Transfer to reserves	300	(300)	0	0
Fair value adjustment	0	0	(11,507)	(11,507)
Tax effect	0	0	2,532	2,532
Extraordinary dividends paid	0	(500)	0	(500)
Profit/loss for the year	0	474,138	0	474,138
Equity end of year	**400**	**3,308,857**	**(8,975)**	**3,300,282**

Notes

1. 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 recognized 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. Capitalization of development cost.

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

2. Staff costs

DKK'000	**2023**	**2022**
Wages and salaries	6,922	137
Pension costs	768	0
Other social security costs	0	0
	7,690	**137**

Remuneration of Management	**2023**	**2022**
Executive Board	353	137

3. Other financial income

	2023	2022
Other interest expenses	4,004	0
Exchange rate adjustments	75	0
Financial income from group enterprises	7,788	161
	11,867	**161**

4. Other financial expenses

	2023	2022
Other interest expenses	121,803	1,965
Exchange rate adjustments	0	137
Financial expenses from group enterprises	1,374	0
	123,176	**2,102**

5. Tax

	2023	2022
Refund in joint taxation arrangement	0	(426)
Change in deferred tax	426	0
Adjustments prior year	(426)	0
Tax for the year	**0**	**(426)**

6. Financial assets

DKK'000	Investment in subsidiaries	Receivables from group enterprises
Cost at 1 January	3,809,392	870,245
Additions	1,097,197	74,000
Disposals	0	(944,245)
Cost at 31 December	**4,906,589**	**0**
Carrying amount at 31 December	**4,906,589**	**0**

7. Non-current liabilities other than provisions

	Due within 12 months 2023	Due after more than 12 months 2023
Bank loans	75,000	1,728,360
Payables to group enterpises	23,815	0

Bank loans are not due after more than 5 years.

8. Guarantees, contingent liabilities, and collateral

Contingent liabilities
The Parent Company participates in a Danish joint taxation arrangement where Ferrosan Medical Devices 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.

Collateral
A deed registered to the banks secured on shares in Ferrosan Medical Devices Group A/S and subsidiaries has been registered ascollateral for all bank commitments owed by the Entity and subsidiaries.

The Entity has provided security for the Group's total bank commitments. The total bank commitment as pr. 31 December 2023 amounts to DKK 1,838,656 thousand.

9. Related parties

Related parties with controlling interest
The following companies has controlling influence:

- Ferrosan Medical Devices HoldCo ApS, Sydmarken 5, 2860 Søborg.
- Ferrosan Medical Devices MidCo 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.: 43 53 10 93
Registered office: Gladsaxe
Financial year: 1 January 2023 to 31 December 2023

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
DK-2300 København S