Ferrosan
Medical Devices

# ANNUAL REPORT

# 2021

# “Making seconds count in surgical care”

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

# Contents



**Ferrosan Medical Devices Group A/S**
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DK-2860 Søborg
Business Registration No.: 37 80 83 42

"I look back on my first year at Ferrosan Medical Devices with great appreciation, pride and optimism. In 2021, we saw continued growing market demand for our products, resulting in record high revenues and satisfactory financial results. Our innovation pipeline progressed well reaching important milestones and we moved sustainability to the center of our corporate strategy. I am pleased with our accomplishments and thrilled about the road ahead of us."

**Rasmus Hother le Fevre,** CEO

LETTER FROM OUR CHAIRMAN AND CEO

# Strong results and strengthened leadership

2021 was an extraordinary year at Ferrosan Medical Devices with strong growth, satisfactory financial results as well as record high investments in product innovation and production capacity. We also made changes to the leadership team in 2021, strengthening our ability to continue our positive trajectory and capture the exciting opportunities ahead of us.

**Continued growth trajectory**

"Making seconds count in surgical care" is our purpose at Ferrosan Medical Devices. We are on a mission to develop and manufacture innovative medical devices that enable surgeons, nurses and clinicians to perform surgery as effectively and easily as possible. When we achieve our purpose, surgical patients experience fewer complications, faster recovery times and shorter hospitalization.

In 2021, we continued the growth trajectory that we have seen for more than 15 years, ending the financial year with record high revenues and profitability. Our flowable haemostatic product line Surgiflo® experienced the highest growth rates.

We also maintained the close relationship with our commercial partner Ethicon, Inc. – a Johnson & Johnson company. We would like to express our appreciation to Ethicon, Inc. for their long-standing commitment to our partnership, established more than 25 years ago, and their leadership in the marketplace. In close collaboration with Ethicon, Inc., our future commercial efforts are focused on enabling even more widespread use of Surgiflo®.

*We are excited to have welcomed 101 new colleagues in 2021.*

**Strengthened leadership**

Competent and engaged employees remain critically important to the success of Ferrosan Medical Devices. We want to attract and retain talent by being an innovative company where people thrive and grow together.

We are excited to have welcomed 101 new colleagues in 2021. Our emphasis on recruitment and building the right capabilities continues. We aim to improve digitalization, advance operations and accelerate innovation through organizational growth and development.

With extensive involvement from employees, we formulated and launched new company values in 2021. These values and associated behaviors constitute the principles for how people should lead and interact with one another at Ferrosan Medical Devices. We are confident that a successful organization is built on people caring for each other, taking ownership of decisions and sharing our purpose.

To strengthen value-based leadership, all managers have been trained in applying our values in their daily work and individual employee development. We have

> *"With an updated foundation to practice value-based leadership and strengthened capabilities in the management team, we have set out to realize the company's potential and capture the many exciting opportunities ahead."*

also increased transparency of targets and performance metrics, making the challenges we face and the results we achieve visible to all employees.

In March 2021, we changed leadership. Rasmus Hother le Fevre joined the company as the new CEO and Henrik Krøis joined the Board of Directors, enabling continuity in the leadership transition. In June 2021, the company was further strengthened by the onboarding of Nis Chræmmer Jørgensen as Vice President of Operations and Rasmus Iver Agesen as Vice President of Human Resources.

With an updated foundation to practice value-based leadership and strengthened capabilities in the management team, we have set out to realize the company's potential and capture the many exciting opportunities ahead.

**Progressing innovation**
Ferrosan Medical Devices can only deliver on its purpose and continue to create value in society if it maintains the ability to develop innovative value-adding medical devices for surgeons and nurses. Consequently, user driven research and innovation is at the heart of our work.

Ferrosan Medical Devices is a world leader in gelatin-based adjunctive haemostatic medical devices. Our strategy is to maintain market leadership by ensuring compatibility of our existing products with new technologies introduced in the operating room and innovating new devices to control bleeding in surgery.

Over the last three years we have invested around DKK 60 million in the development of new products. In 2021, we increased annual investments in product development to approximately DKK 30 million and saw good progress.

**High-performing operations**
In recent years we have invested heavily in operational improvements, including approximately DKK 80 million in 2021. A new manufacturing facility was built and will go into operation in the first half of 2022. We paid additional attention to LEAN in 2021 and managed to improve operational efficiency as well as capacity at our sites in Denmark and Poland.

*We leave 2021 with a satisfactory financial result despite the continuation of COVID-19 and disturbed global supply chains.*

Throughout 2021, manufacturing productivity kept improving and setting new records, despite challenging conditions due to COVID-19.

Like many companies, we were also challenged with unstable global supply chains in 2021 – both for sourcing and downstream transportation. However, we managed to deliver according to demand throughout the year. We also added new sterilization sites to secure additional delivery capacity.

We would like to thank all employees and partners involved in improving productivity while maintaining stable high-quality delivery all year.

**Sustainability embedded in strategy**
At Ferrosan Medical Devices we acknowledge the impact we have on people, our society and the environment. We want to maximize the positive impact our products have in health care, for patients and society in general, while minimizing our environmental footprint.

We launched a new approach to sustainability in 2021, making it an integral part of our corporate strategy and departmental business plans. We also updated and published company policies on relevant issues, and implemented a sustainability framework with ESG metrics to set targets and monitor our performance. In 2021, we initiated our first full scope 1-3 $CO_2$ emission baseline, to provide us with insights to plan future initiatives and set concrete environmental targets. To reduce our environmental footprint, we have worked to shorten transportation distances in our supply chain to lower emissions, updated packaging materials to reduce plastic consumption and implemented site optimizations to reduce energy usage. Around our facilities, charging stations were installed to enable electrical charging for commuting employees.

These are the first steps on a journey towards a significantly reduced environmental footprint and much more must come – it is time for us to act and it is motivating to see the energy this work sparks across the organization.

We leave 2021 with a satisfactory financial result despite the continuation of COVID-19 and unstable global supply chains.

We want to thank our colleagues in Denmark and Poland, Ethicon, Inc., suppliers and partners for their hard work and commitment throughout a demanding year. We extend our appreciation to the Board of Directors and shareholders for continued support, constructive challenging and productive collaboration.

**Rasmus Hother le Fevre**
***Chief Executive Officer***

**Peter Kürstein**
***Chairman***

# 01

# Introducing Ferrosan Medical Devices

AT A GLANCE

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

Ferrosan Medical Devices is an international medical device company. We develop and manufacture medical devices used in surgical care by surgeons, nurses and clinicians.

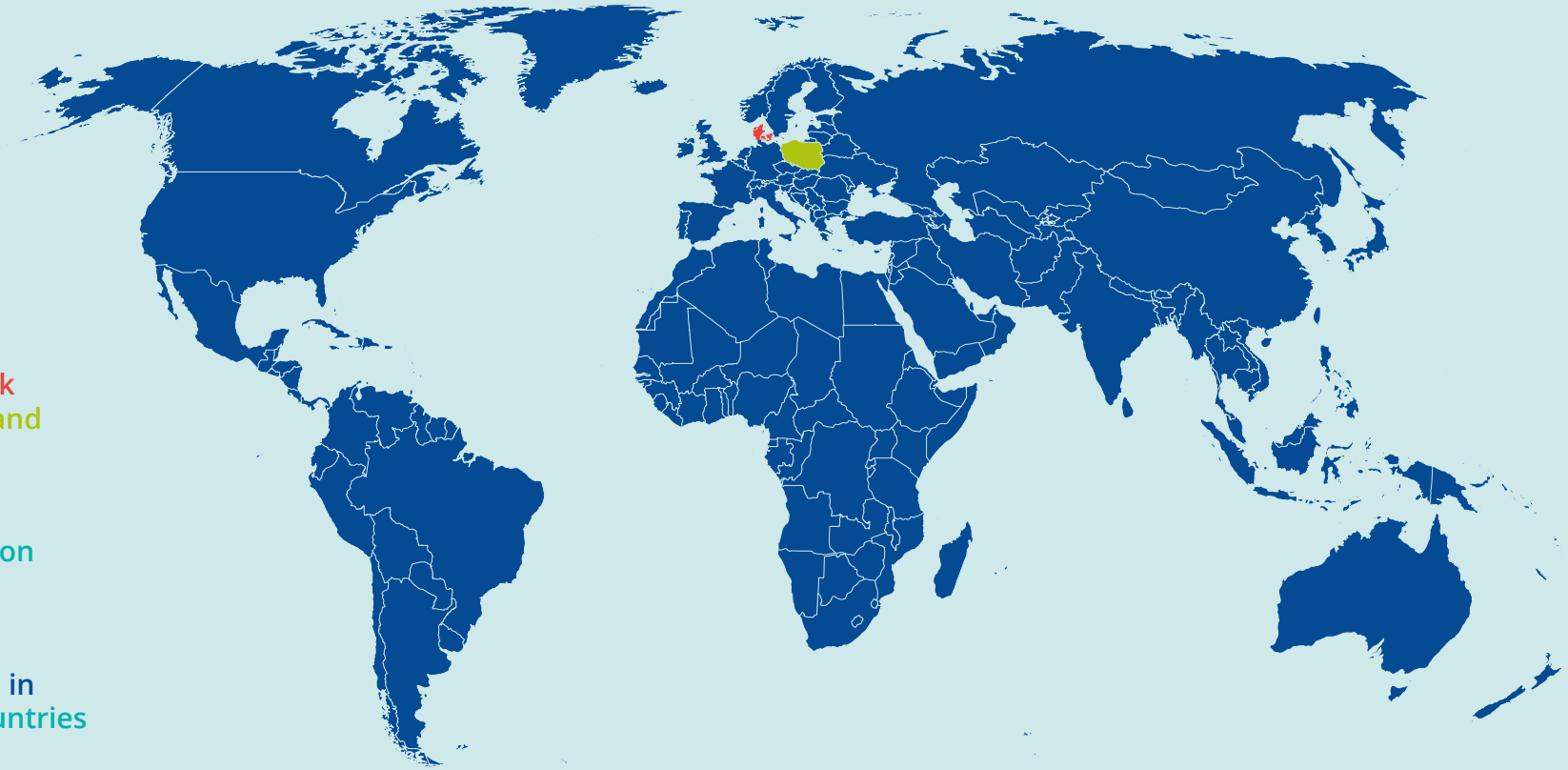
Ferrosan Medical Devices is a global leader in topical adjunctive haemostatic devices, helping surgeons and nurses control bleeding in surgery. We collaborate closely with Ethicon, Inc., a Johnson & Johnson company, who is responsible for sales and marketing of our haemostatic devices.

Our devices are sold under the Surgiflo™, Spongostan™ and Surgifoam® trademarks in more than 100 countries.

Our devices are developed with focus on safety, efficacy and ease of use. Through our products we aim to enable health care professionals achieve the best possible clinical outcomes for their patients.

We also have strong capabilities in electromechanical medical device development and manufacturing, focusing 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, used by physicians to diagnose breast cancer. Today, we manufacture the second generation biopsy device at our manufacturing site in Poland.

We are approximately 345 dedicated people with 235 employees at our headquarters in Søborg, Denmark and 110 employees in Szczecin, Poland.



**345+ employees**

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

**More than 13 million units sold in 2021**

**Products available in more than 100 countries**

OUR VALUES

# What we believe in and how we act

## Competent and highly motivated employees remain critically important to the execution of Ferrosan Medical Devices' strategy. We believe that success is achieved in an innovative environment where talents thrive and grow together.

Based on extensive input from the organization, we launched a new set of company values with associated behaviors in 2021. Our values and desired behaviors are reflections of our collective belief in how we want to lead and interact with each other at Ferrosan Medical Devices:

## **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 communicate clearly, set direction and ensure alignment of expectations | We raise the bar for success and support each other's development |
| | We are role-models and foster an atmosphere of openness, respect and care | We facilitate and foster collaboration | We drive and enable execution |
| | We take responsibility for developing our company in a sustainable direction | We delegate responsibility and empower our colleagues | We share knowledge and experience |
| | We provide and request timely and constructive feedback | We hold ourselves and others accountable | We encourage curiosity and foster learning |
| | | We promote and require a quality mindset | We challenge the status quo to make things better, simpler and more effective |

*"Working together across the company is easy, and in my experience all employees really want to help each other out. Ferrosan Medical Devices is also a place committed to solving operational problems quickly and with a common focus and goal."*

**Andreas Geitner-Andersen,**
Supply Chain Specialist

OUR LEGACY

# Pushing boundaries

Ferrosan A/S was founded in 1920 in Copenhagen by Niels Jacob Herman Weitzmann. The company initially developed and produced medicine. In 1947, we developed and launched our first haemostatic product, the gelatin sponge Spongostan™. Since then, we have developed and manufactured haemostatic medical devices.

For more than 75 years we have pushed the boundaries of bleeding control in surgery and haemostatic technologies. Ferrosan Medical Devices has a legacy of market leadership by consistently launching new innovative competitive haemostatic medical devices. Today our devices are used by health care professionals in more than 100 countries to stop bleeding in surgery.

In 2010, Ferrosan Medical Devices was legally separated from Ferrosan A/S and established as an independent legal entity under the ownership of Altor Fund III.

In 2012, Ferrosan Medical Devices acquired Sonion Medical from Sonion, expanding our business to include electromechanical medical devices.

In 2016, a consortium of private investors led by Hans-Christian Bødker Jensen and Fredrik Strömholm acquired Ferrosan Medical Devices.

In 2017, the Nordic-based investment company Impilo acquired majority control of Ferrosan Medical Devices.

## HIGHLIGHTS

**1947** – Our first haemostatic product, the gelatin sponge Spongostan™, entered the market

**1995** – We partnered with Ethicon, Inc. to market haemostatic products

**1999** – We got FDA approval to enter the US market with haemostatic sponges Surgifoam®

**2002** – Our haemostatic powder Surgifoam® was launched

**2005** – We started selling the first generation haemostatic flowable matrix Surgiflo® Classic

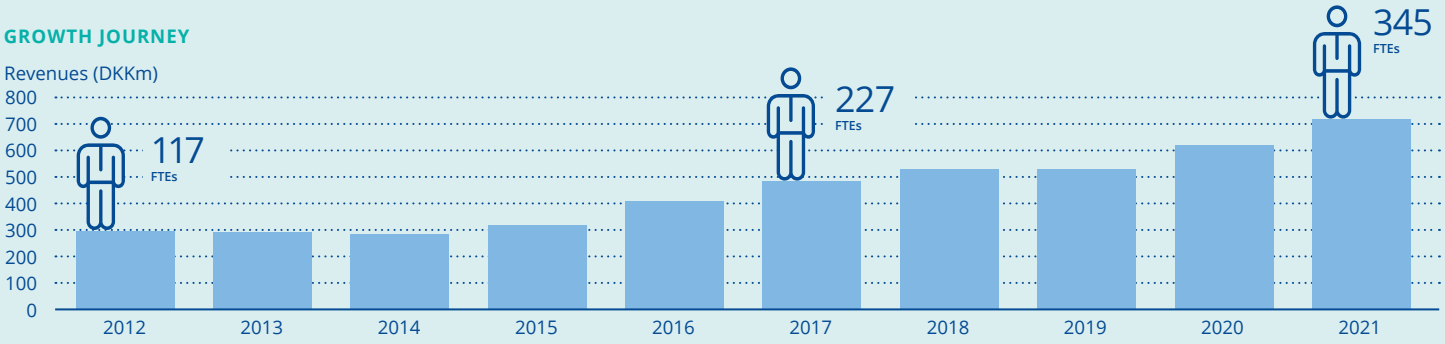
**2009** – Our haemostatic flowable matrix with thrombin Surgiflo® True Kit was marketed

**2011** – We launched the second generation haemostatic flowable matrix Surgiflo®

**2015** – We started selling our third generation haemostatic flowable matrix Surgiflo®

**2019** – Our second-generation single insertion multiple samples breast biopsy device was developed and made available

## GROWTH JOURNEY




## 2012-2021 REVENUES CAGR

10%

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 innovative medical devices to health care professionals, focusing on biomaterial devices to control bleeding in surgery and electromechanical devices for diagnostic biopsy sampling.

With decades of experience, we have all the capabilities needed to develop and commercialize medical devices for hemostasis: From market research, to concept and design, to clinical assessment, to registration and to production and delivery.

Our long-term strategy involves increasing the use of our current products, including ensuring compatibility with new technologies, as well as developing the next generation of haemostatic devices. This happens in close collaboration with our innovation and sales partner Ethicon, Inc., a Johnson & Johnson company. Over the last three years we have invested around DKK 60 million in developing new products. In 2021, we increased annual investments in product development to approximately DKK 30 million.

Ferrosan Medical Devices creates value for surgeons and nurses, patients, employees, and shareholders through:

## Market research and investigation of user needs

We monitor market developments and emerging user needs from technical and clinical perspectives. In close collaboration with global partners and surgical teams, we identify clinical trends, technological development and unmet user needs to direct our innovation efforts.

## Usability and clinical research

We have the setup to perform usability and clinical assessments of medical devices. This includes pre-clinical testing, clinical evaluation, usability testing of prototypes and design validation of concepts.

## Product development and registration

With technology scouting and in-depth expertise, we turn user needs and research into innovative medical devices. We translate research into ideas through product development, design control and product registration.

## Manufacturing and supply

We have all capabilities to manufacture and manage a supply chain, including laboratories for quality control. We can pilot production setups and establish a supply chain to deliver products globally.

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 haemostatic 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 haemostatic 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., a Johnson & Johnson company. Ferrosan Medical Devices is the legal manufacturer.

All products 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 haemostatic matrix

An advanced flowable gelatin-based matrix intended for haemostatic 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 bleedings.

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

Our flowable haemostatic matrix is sold under the Surgiflo™ trademark.

### Flowable haemostatic matrix kit with Thrombin

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

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

Our flowable haemostatic matrix kit with thrombin is sold under the Surgiflo™ trademark.

### Haemostatic sponges

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

Our haemostatic sponges have a more than 75 year safe patient track record as an adjunctive gelatin haemostatic agent.

Our haemostatic gelatin sponges are sold under the Spongostan™ and Surgifoam® trademarks.

### Haemostatic powder

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

The powder can be used with thrombin.[1]

Our haemostatic gelatin powder is sold under the Spongostan™ and Surgifoam® trademarks.

### Electromechanical devices

Electromechanical medical devices with a focus on diagnostic biopsy sampling. The main product is a second-generation biopsy device launched together with our global partner in 2019. It is a an ergonomic handheld tetherless single insertion multiple samples biopsy device.

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

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

# 02

# Business performance

SALES PERFORMANCE

# Continued trajectory and an exciting outlook

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

Revenues totaled DKK 720 million in 2021, an increase of 16% compared to 2020. Our flowable products and electromechanical devices experienced the highest growth rates. We saw stable growth in all regions, with the highest growth rate in the Asia Pacific. Among other factors, growth in the Asia Pacific region was driven by increased sales of flowable products in recently entered markets.

The year ended with a compound annual growth rate from 2017 to 2021 of 10%.

Looking ahead, a recent study forecasts that the global topical haemostat market will grow approximately 3% annually towards 2030. The market growth is driven by higher surgery volumes in all markets, increasing penetration rates of topical haemostasis across most types of surgical procedures and stable price development.

The market for flowable haemostatic products is expected to grow 4-5% annually towards 2030, exceeding general market growth.

The demand for topical haemostatic devices is expected to grow in all regions with flowable haemostatic products driving growth in most markets due to increased adoption among surgeons. The highest growth rates are projected to be in the Asia Pacific region with annual growth rates of 8-9% towards 2030.

We are confident that we can utilize the favorable market development to continue our growth trajectory in the coming years. Among other efforts, we will pursue growth from regional expansion and ensuring compatibility of our products with new technologies.

We expect our revenues to increase approximately 10% in 2022.

**EUROPE, MIDDLE EAST AND AFRICA**

**ASIA-PACIFIC**

**AMERICAS**

**GLOBAL**

**2021 GROWTH (%)**

| EUROPE, MIDDLE EAST AND AFRICA | ASIA-PACIFIC | AMERICAS | GLOBAL |
|---|---|---|---|
| +19% | +36% | +11% | +16% |

FINANCIAL REVIEW

# Growing revenues and improved profitability

**2021 REVENUES (DKK MILLION)**

720

*"We leave 2021 with a satisfactory financial result as both revenues and earnings reached record high levels."*

**Thomas Kastrup**
***Chief Financial Officer***

2021 was an eventful year, during which Ferrosan Medical Devices' total revenues was DKK 720 million. Revenues grew 16% even though markets were impacted by the COVID-19 pandemic. Gross profit ended at DKK 563 million corresponding to a 78% gross margin. EBITDA for 2021 ended at DKK 286 million. The EBITDA margin increased to 40%, mainly driven by a higher sales volume and a continued high gross margin.

The financial performance in 2021 was satisfactory and exceed the earlier expectations both in terms of revenues and profitability.

**Revenues**
In 2021, Ferrosan Medical Devices increased revenues by 16% to DKK 720 million compared to DKK 622 million in 2020. Organic growth contributed DKK 83 million to the total revenues growth of DKK 98 million, while the impact of foreign exchange rates was positive by DKK 15 million.

The revenues growth reflects strong execution across the company, despite restrictions due to the COVID-19 pandemic.

**Costs**
Production margins were positively affected by higher volumes, including a minor effect from a favorable product mix, and slightly improved operational efficiency.

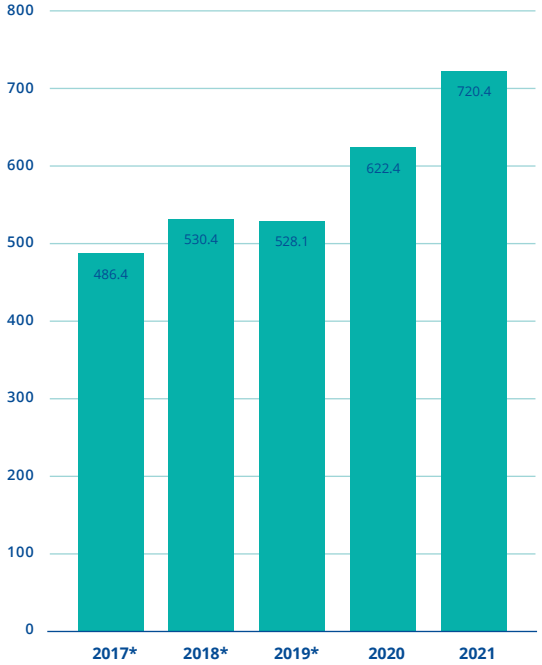
Gross profit was negatively impacted by higher costs of goods sold as well as higher costs of transportation and external manufacturing. The gross margin was 78%, which is the same level as last year.

Fixed costs have increased throughout 2021 compared to 2020. The growing activities has increased staff cost and other external expenses by 6% to DKK 276 million in 2021, compared to DKK 261 million in 2020.

**REVENUES**

DKK million

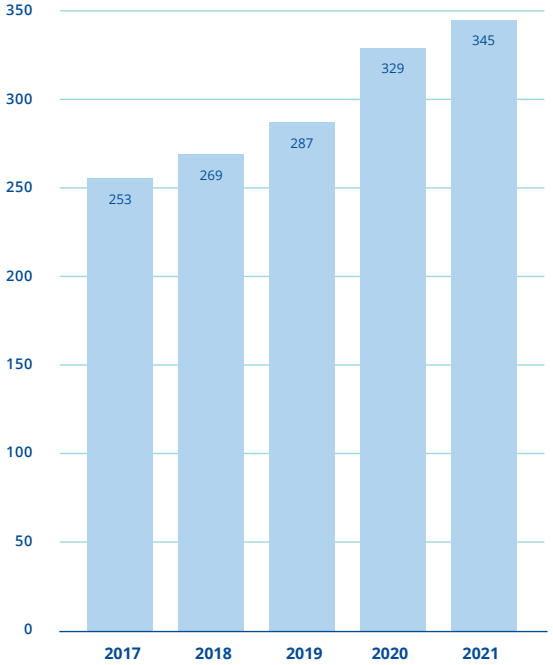
2017-2021 CAGR: 10%




**FTEs**

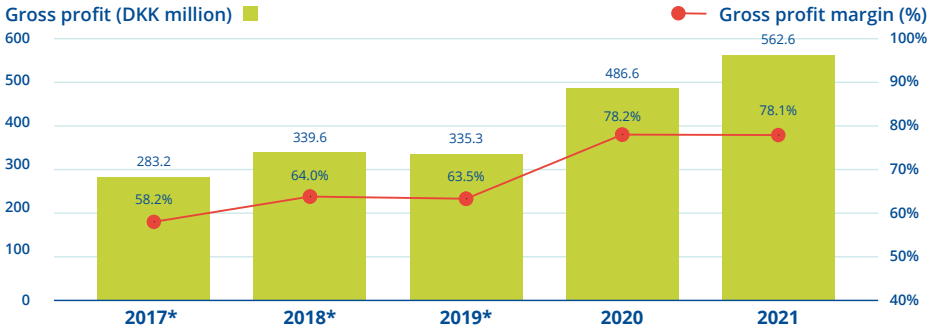
Full-time equivalent employees

2017-2021 CAGR: 8%

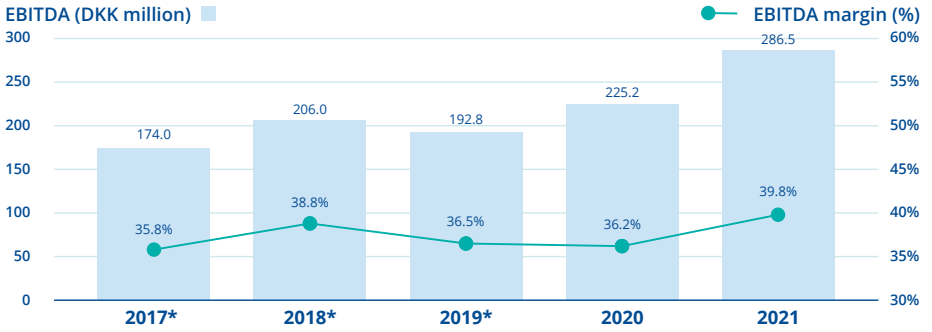



*The key financial figures and ratios for 2019, 2018 and 2017 are presented in accordance with Danish GAAP.

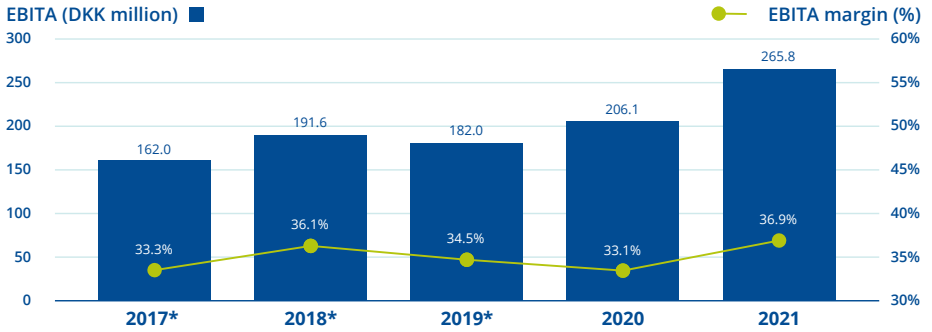
## GROSS PROFIT AND GROSS PROFIT MARGIN




## EBITDA AND EBITDA MARGIN




## EBITA AND EBITA MARGIN




*The key financial figures and ratios for 2019, 2018 and 2017 are presented in accordance with Danish GAAP.

**2021 EBITDA (DKK MILLION)**

286

**2021 EBITDA MARGIN (%)**

40%

### Earnings

EBITDA in 2021 amounted to DKK 286 million, compared to DKK 225 million in 2020. The EBITDA margin in 2021 was 40%, increasing from 36% in 2020. The improved profitability is mainly due to increased revenues.

Despite negative impact of unfavorable foreign exchange rates and high inflation rates, next year's margin is expected to be in line with 2021.

In 2021, depreciation and armortisation, including impairment of acquired intangible assets, were DKK -100 million, compared to DKK -98 million in 2020. Financial items were DKK -51 million in 2021, compared to DKK -59 million in 2020. The financial items were mainly driven by interest payments to financial institutions.

In 2021, the earnings before taxes (EBT) was DKK 135 million compared to DKK 68 million in 2020. The effective tax rate was 24%, translating into earnings after taxes (EAT) of DKK 103 million, an increase of 103% compared to 2020.

### Other performance indicators

Ferrosan Medical Devices had a net working capital level of DKK 97 million in 2021. In 2020, it was DKK 81 million. Changes to net working capital is related to trade receivables, which is partly a timing difference between the years of 2021 and 2020, and the general increase in revenues in 2021.

The operating cash flow was DKK 166 million in 2021 compared to 175 million in 2020. Ferrosan Medical Devices invested DKK 117 million in 2021. In 2020, the company invested DKK 56 million. The company's main investment was a new factory in Denmark.

Net cash flow for 2021 ended at DKK -17 million compared to DKK 1 million in 2020.

As a result of its operations, investments and financing, Ferrosan Medical Devices is exposed to financial risks in the form of changes in exchange rates and interest rates, as well as credit risks and liquidity risks. The company operates with a low risk profile, so that currency, interest rate and credit risks only arise based on commercial conditions. Per December 31st, 2021, the net interest-bearing bank debt was DKK 935 million.

# Key financial figures and ratios

| DKK'000 | 2021 | 2020 | 2019* | 2018* | 2017* |
|---|---|---|---|---|---|
| **STATEMENT OF PROFIT OR LOSS** | | | | | |
| Revenue | 720,355 | 622,364 | 528,081 | 530,390 | 486,402 |
| Gross profit | 562,558 | 486,545 | 335,276 | 339,603 | 283,233 |
| Earnings before interest, taxes, depreciation and amortisation (EBITDA) | 286,499 | 225,229 | 192,805 | 205,932 | 173,999 |
| Earnings before interest, taxes and amortisation (EBITA) | 265,770 | 206,129 | 182,023 | 191,579 | 161,999 |
| Earnings before interest and taxes (EBIT) | 186,518 | 126,820 | 92,923 | 94,682 | 68,550 |
| Net financials | (51,044) | (59,036) | (48,563) | (76,402) | (41,797) |
| Earnings before taxes (EBT) | 135,474 | 67,784 | 44,360 | 18,280 | 26,753 |
| Earnings after taxes (EAT) | 102,856 | 50,753 | 22,889 | (6,104) | 9,570 |
| **STATEMENT OF FINANCIAL POSITION** | | | | | |
| Investments in property, plant and equipment | 90,026 | 47,452 | 22,425 | 2,970 | 33,192 |
| Total assets | 1,973,510 | 1,943,380 | 1,757,476 | 1,850,394 | 1,907,892 |
| Equity | 561,709 | 468,542 | 334,775 | 592,387 | 832,391 |
| **RATIOS** | | | | | |
| Profit ratio (%) | 14.3% | 8.2% | 4.3% | (1.2)% | 2.0% |
| Gross Margin (%) | 78.1% | 78.2% | 63.5% | 64.0% | 58.2% |
| Solvency ratio (%) | 28.5% | 24.1% | 19.0% | 32.0% | 43.6% |
| Return on equity (%) | 20.0% | 12.6% | 4.9% | (0.9)% | 1.2% |
| EBITDA Margin (%) | 39.8% | 36.2% | 36.5% | 38.8% | 35.8% |
| EBITA Margin (%) | 36.9% | 31.7% | 34.5% | 36.1% | 33.3% |
| FTEs | 345 | 329 | 287 | 269 | 253 |

*The key financial figures and ratios for 2019, 2018 and 2017 are presented in accordance with Danish GAAP.

**Definition of key figures and ratios**

Profit ratio (%): EAT / Revenue * 100

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

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

Return on equity (%): EAT / 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.


*Surgiflo® production line in Søborg, Denmark*

# 03

# Sustainability and impact

SUSTAINABILITY AND IMPACT

# Maximizing health impact while acting responsibly and minimizing environmental footprint

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

In 2021, we worked with sustainability as a central element in our corporate strategy and annual departmental business plans. Highlights include committing to the UN Global Compact Ten Principles, updating and publishing corporate policies on human rights, labor, environment and anti-corruption, initiating our first full scope 1-3 $CO_2$ emission baseline[2] as well as implementing a sustainability framework with ESG key metrics to set targets and monitor performance.

In 2021, EcoVadis awarded Ferrosan Medical Devices a silver medal recognizing its sustainability achievements, which exceeded industry average in 3 of 4 categories.[3,4], EcoVadis performs an annual sustainability assessment of thousands of companies globally, covering: Environment, labor and human rights, ethics and sustainable procurement.

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

In 2021, Ferrosan Medical Devices developed and implemented an ESG framework to set targets and monitor performance against these targets. Our ESG framework employs key metrics defined by Nasdaq Copenhagen, the Danish Finance Society and FSR


(Danish Auditors). We have added additional metrics to the framework, which are metrics considered relevant to our business specifically. As our work with sustainability evolves, we continue to adapt and improve disclosures and metrics.

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

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

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

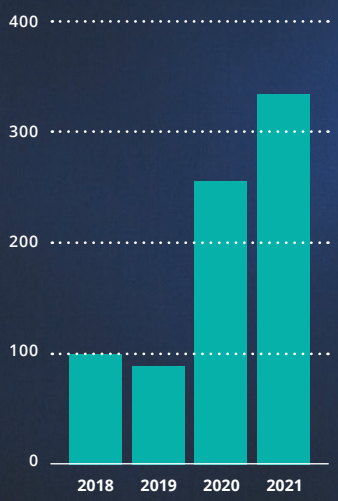
2 Scope 1 covers direct emissions from sources owned or controlled by reporting company. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company. Scope 3 includes all other indirect emissions that occur in the value chain of the reporting company.
3 Reporting to EcoVadis is only done for our site in Soeborg.
4 The EcoVadis rewards are based on a percentile rank of a company's EcoVadis score, and a minimum score. Silver medals are awarded to companies in top 25% with overall score between 56 and 66.

HEALTH IMPACT

# Enabling better clinical outcomes of surgical procedures

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

**INVESTMENTS IN HAEMOSTATIC DEVICES INNOVATION AS SHARE OF REVENUES (2018=100)**




Note: Investments includes capitalized costs for innovation projects to improve our current haemostatic devices or develop new haemostatic devices.

Ferrosan Medical Devices' products are sold in over 100 countries, and in 2021 our products were used in approximately 13 million surgical procedures. This means that every three seconds one of our products assisted a surgical procedure.

Studies show that achieving haemostasis in surgical procedures is critical to prevent excessive surgical bleeding, limiting bleeding-related complications, blood transfusions and ultimately use of more hospital resources.[5] Ferrosan Medical Devices' products, like Surgiflo™, Surgifoam® and Spongostan™, are used by surgeons and nurses to achieve haemostasis in various surgical settings.

Ferrosan Medical Devices' Surgiflo™ is a flowable haemostatic matrix. Flowable haemostatic matrices are well-known to be effective in achieving haemostasis, with demonstrated safety and efficacy in various types of surgery.[6]

Ferrosan Medical Devices will continue its efforts to make its products available to even more health care professionals globally, enable more surgeons and nurses to perform surgery and invest ever more in product innovation to advance health impact.

**Research show that when adequate rapid haemostasis is achieved in surgery potential benefits include:**[5,6,7,8]

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

**5** 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
**6** 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.
**7** 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)
**8** 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.

ENVIRONMENT

# Minimizing our environmental footprint

Ferrosan Medical Devices shares the concerns on climate change and is conscious of the environmental impact of its business. We are committed to minimizing our environmental footprint and strive to make this commitment an integral part of our daily operations.

| | Unit | Reference to frameworks | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| $CO_2e$, scope 1 | Tons | • GHG Protocol<br>• GRI: 305-1, 305-2, 305-3 and 305-4<br>• SDG: 13<br>• UNGC: Principles 7 and 8<br>• Nasdaq (2019) ESG Reporting Guide 2.0, E1 and E2 | 1,283 | - | - |
| $CO_2e$, scope 2 | Tons | | 391 | - | - |
| $CO_2e$, scope 3 | Tons | | 13,464 | - | - |
| $CO_2e$ intensity, scope 1-3 | Tons $CO_2e$ per DKKm revenues | | 21.0 | - | - |
| Energy consumption | Gigajoules | • GRI: 302-1, 302-2 and 302-3<br>• SDG: 12<br>• UNGC: Principles 7 and 8<br>• Nasdaq (2019) ESG Reporting Guide 2.0, E3 and E4 | 16,853 | 13,664 | 14,539 |
| Energy intensity | Gigajoules per DKKm revenues | | 23.4 | 22.0 | 27.6 |
| Renewable energy share | % Renewables | • GRI: 302-1<br>• SDG: 7<br>• Nasdaq (2019) ESG Reporting Guide 2.0, E5 | 73 | 70 | 54 |
| Waste generation | Tons | • GRI: 306-3<br>• SDG: 12 | 274 | 211 | 190 |
| Water consumption | $m^3$ | • GRI: 303-5<br>• SDG: 6<br>• Nasdaq (2019) ESG Reporting Guide 2.0, E6 | 20,422 | 14,599 | 15,561 |

Note: Reporting is done for sites where Ferrosan Medical Devices has operational control. This includes all two sites, in Poland and Denmark.

Ferrosan Medical Devices has an impact on the environment and we acknowledge the negative effects of our greenhouse gas emissions on climate change. We have analyzed our environmental footprint, finding that most of our environmental impact come from energy consumption, material usage and transportation across our value chain. We recognize climate change as a long-term risk to society, including our company.

At Ferrosan Medical Devices we are adjusting the way we operate to minimize our environmental footprint. In 2021, we continued to source all electricity for our Danish site from wind energy, we implemented site optimizations to reduce energy consumption for heating and we managed to shift some transportation of finished goods from air to ocean freight.

Our new policy on environmental and climate issues was published in 2021. Ferrosan Medical Devices is committed to:

- Source 100% of the electricity directly consumed by Ferrosan Medical Devices from renewable sources by 2025, and
- Achieve net-zero emissions from our own operations (scope 1 and 2) by the end of 2026

Most of our emissions stem from indirect emissions in our value chain (scope 3), and we are aiming to set targets on our total $CO_2$ emissions (scope 1-3) by the end of 2022. It is our ambition to set targets 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.

**Advance efforts and set additional environmental targets**

In 2021, we performed our first full scope 1-3 $CO_2$ emission baseline. The analysis is carried out according to the GHG Protocol Corporate Accounting and Reporting Standard by an external auditor. From the $CO_2$ emissions baseline we get deep insights into the environmental footprint across our entire value chain. The findings and conclusions will be used to prioritize initiatives, qualify current targets and define additional climate goals.

Besides strengthening knowledge on our footprint, we continue to carry out initiatives that reduce our environmental impact. Among other things, we will advance waste management to improve recycling as well as optimize energy usage to reduce electricity and gas consumption. In 2022, we also intend to update our innovation processes to include environmental impact as a mandatory parameter in evaluation of pipeline projects.

**Relevant definitions:**

$CO_2e$, scope 1: Direct GHG emissions from owned or controlled sources, accounted for according to the GHG Protocol.
$CO_2e$, scope 2: Indirect emissions due to purchase of electricity, heat, steam, etc. for use in owned and controlled activities, accounted for using the GHG Protocol. Reporting is market-based. Location-based scope 2 emissions were 853 tons in 2021.
$CO_2e$, scope 3: Indirect emissions (not included in scope 2) that occur in the value chain, including both upstream and downstream emissions, accounted for using the GHG Protocol.
Energy consumption: Total energy consumed from all sources, renewable and non-renewable sources, including energy purchased by the entity from external sources and energy generated by itself. Leased vehicles, incl. cars paid for by the company but used by employees for commuting, are not in scope for 2019-2021. Natural gas in m3 is multiplied by 0,00373 to convert to gigajoule. Electricity in kWh is multiplied by 0,0036 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.

SOCIAL

# Creating a healthy, safe and diverse workplace

For Ferrosan Medical Devices to succeed in executing our strategy, it remains of paramount importance to work with diverse perspectives and thoughts – to the benefit of our business as well as surgeons, nurses and patients around the world. It is vital for us to be able to attract, retain and develop diverse talents and ensure equal opportunities for all.

| | Unit | Reference to frameworks | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Full-time workforce | FTEs | | 345 | 329 | 287 |
| Gender diversity, all employees | % Women | • GRI: 102-8, 405-1<br>• UNGC: Principle 6<br>• Nasdaq (2019) ESG Reporting Guide 2.0, S4 | 55 | - | - |
| Gender diversity, management | % Women | | 50 | 44 | 41 |
| Gender pay ratio | Times | • GRI: 405-2<br>• UNGC: Principle 6<br>• Nasdaq (2019) ESG Reporting Guide 2.0, S2 | 1.1 | - | - |
| Employee turnover ratio | % Turnover | • GRI: 401-1<br>• UNGC: Principle 6<br>• Nasdaq (2019) ESG Reporting Guide 2.0, S3 | 20 | 15 | 13 |
| Sickness absence | Days per FTE | • SDG: 8 | 9.6 | 8.4 | 9.4 |
| Accidents w. absence | # | • GRI: 403-9<br>• UNGC: Principle 1 and 2<br>• SDG: 3<br>• Nasdaq (2019) ESG Reporting Guide 2.0, S3 | 4 | 2 | - |
| Employee survey | Yes/No | | Yes | Yes | Yes |

We strive to create healthy, safe and attractive working conditions for all employees. This includes creating a respectful work environment. We do not tolerate any form of discrimination or harassment related to any matters regarding employment. It is our responsibility to make sure all employees, regardless of race, ethnicity, gender, religion, sexual orientation, political views, age, nationality, disability or physical appearance feel respected and appreciated and have equal opportunities.

As a manufacturing company we have a special focus on reducing risks of workplace accidents. In 2021, we executed workplace-safety campaigns to raise awareness and reduce occupational injury at our facilities.

In 2021, we advanced our efforts to promote employee well-being. Highlights include developing a new set of corporate values with associated behaviors for all employees to adhere to, the launch of structured employee engagement dialogues and updating our work from home policy to accommodate employees' needs for flexibility and adoption of new remote ways of working.

In 2021, we updated and published our policies on labor rights, workplace harassment and diversity and inclusion.

Ferrosan Medical Devices is committed to:

- Reduce employee turnover ratio by 50% (2021 baseline) to 10% by 2025
- Reduce absence due to illness by 15% (2021 baseline) to 8 days per FTE by 2025
- Maintain at least 40% representation of both genders (female and male) in management every year
- Achieve zero accidents with absence every year

Ferrosan Medical Devices is aware of our responsibility to not violate international labor rights and to promote and respect human rights across our entire business. This includes asking our partners to do so as well.

Because we engage with many different individuals and organizations across our value chain, unethical behavior by employees and associated partners is an inherent risk in our business. Therefore, new employees are informed about our policies regarding business ethics and encouraged to report any irregularities or inappropriate behavior to their immediate manager or through our whistleblower system. For our suppliers, we ask them to adhere to a set of principles of accountability and social responsibility.

**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 (Executive Management, Group Management and Directors) held by women.
Gender pay ratio: Ratio of median compensation of women to men for each employee category, by significant locations of operations. Calculations are based on compensation for full-time employees: base salary, incentive pay/bonuses and pension. Displayed figure is the weighted average of four employee groups: Operators employed in Denmark (ratio: 1.00), non-operators employed in Denmark (ratio: 1.06), operators employed in Poland (ratio: 0.98) and non-operators employed in Poland (ratio: 1.61).
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 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 health care 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.

**Developing value-based leadership**
We are convinced that success is achieved by an engaged, inclusive and innovative organization, and we are confident that such an organization is built on an inspiring purpose, clear values and strong leadership. Therefore, in 2022, we continue our efforts to make the new company values an integral part of the way we lead each other and act towards one another.

A new management program will be launched in 2022, focusing on value-based leadership and talent development. In addition, all employee development plans now include behavioral targets in line with our company values. It is expected that a strengthened value-based leadership will contribute to improved employee well-being, talent attraction and retention.

From a belief that diversity of people and thought fosters innovation, resources will be prioritized to increase focus on diversity and inclusion in 2022.

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

We have a policy on diversity and inclusion and evaluate gender composition in management groups annually. In the management team[9] we currently have gender parity. Due to a low number of positions, in both the Group Management and the Board of Directors we aim to have each gender represented by at least two members. The Group Management have seven members: five men and two women. The Board of Directors have six elected members: five men and one woman. We will work to reach our target for gender representation on the Board of Directors at the end of 2023. One new member, former CEO Henrik Krøis, was elected to join the Board of Directors in 2021, to enable continuity in our leadership transition.

*A new management program will be launched in 2022, focusing on value-based leadership and talent development.*

Ferrosan Medical Devices' employee engagement survey is carried out three times a year and provides valuable feedback for managers. Management also continues to gather employee feedback from continuous dialogue and take appropriate action to always improve well-being, health and engagement.

**9** Management includes Executive Management, Group Management and Directors

*"I regard Ferrosan Medical Devices as a versatile education in what it takes to develop and launch a medical device. Even though each of my colleagues bring a specific professional competence to a project, understanding each other's perspective is encouraged and is regarded as key for project success."*

**Michael Engmark,**
Agile Coach and Senior Project Manager

GOVERNANCE

# Acting responsibly in all aspects of our business

Ferrosan Medical Devices is committed to acting responsibly in all aspects of our company, whether it be developing, producing or selling medical devices. We promote and practice high ethical standards, and all employees are informed on general business ethics and encouraged to report any concerns or observations.

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

At Ferrosan Medical Devices, sustainable governance is about having the right values, processes, policies and systems to ensure effective practice of high ethical standards and compliance with all laws, rules, regulations and practices in the jurisdictions where the company operates.

We support the UN Global Compact Ten Principles and consider respect of Human Rights and international labor rights a fundamental part of running our company. Ferrosan Medical Devices is committed to avoiding any involvement in human rights or labor rights abuses across our entire business.

As expressed in our policies, we do not tolerate any form of corruption or corrupt behavior, including extortion and bribery, whether conducted by an employee of Ferrosan Medical Devices or a third party acting on behalf of Ferrosan Medical Devices. All employees, regardless of department, responsibility or title, are expected to act with integrity in all matters.

We recognize the inherent risk of employees or partners behaving illegally or unethically, and consequently we have measures in place to mitigate such acts. In 2021, Ferrosan Medical Devices implemented various measures to enforce good governance:

- Policies on labor rights and human rights were updated and published
- Policy on anti-corruption was updated and published
- Externally managed whistleblower system to report irregularities and inappropriate behavior via our website was implemented
- Contract templates were updated with expanded requirements for suppliers' social responsibility
- New process and tool to monitor and mitigate business risks were implemented

Sustainable governance is the responsibility of Ferrosan Medical Devices' board of directors and executive management. The Executive Management is the CEO and CFO.

**Maintaining controlling mechanisms and include data ethics**

In 2022, we continue to update and maintain relevant policies, processes and systems to ensure good governance. Information on business ethics and encouragement to report any suspicion of unethical conduct remain part of the introduction program for new employees. We have an externally managed whistleblower system for employees or other individuals to report irregularities and inappropriate behavior.

Ferrosan Medical Devices is committed to protecting personal data provided to the company by internal and external individuals or organizations. In compliance with the principles of the EU's General Data Protection Regulation (GDPR) the company has systems and processes in place that meet the regulatory requirements. In 2022, Ferrosan Medical Devices continues performing employee awareness training and internal cyber security investigations.

We plan to formulate a policy for data ethics, covering GDPR, information management and use of data, during 2022. A policy has not been developed yet as we are still defining the scope of a data ethics policy for Ferrosan Medical Devices, and because ethical data management has so far been an implicit part of our efforts to comply with GDPR.

**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 times 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.


# 04

# Corporate matters

# Board of Directors

Ferrosan Medical Devices has a three-tier management structure. The Board of Directors appoints and supervises the Executive Management. The Board of Directors consists of six members. The Executive Management team is the CEO and the CFO. The CEO and CFO are part of the Group Management. The Group Management has seven members and is headed by the CEO. It is the Group Management that oversees the day-to-day management of the company.

Ferrosan Medical Devices was acquired by a consortium of private investors in 2016 led by Hans-Christian Bødker Jensen and Fredrik Strömholm. Since 2017, the majority investor has been the Nordic investment company Impilo. The other major shareholders are Kirk Kapital and Hans-Christian Bødker Jensen.

### Peter Kürstein – *Chairman*

Peter Kürstein holds an MBA from Harvard Business School.

Peter was the CEO of Radiometer from 2004 to 2015 and has served as the Chairman 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 Chairman of the Board of Ferrosan Medical Devices since 2016.

### Nicholas Hooge

Nicholas holds an M.Sc. in Business Administration and Management Science from Copenhagen Business School.

Nicholas is a partner at Impilo since 2020 and heads up its Copenhagen office. Prior to joining Impilo, he worked at EQT Partners for 13 years based in Copenhagen and New York, focusing on private equity and infrastructure investments. Nicholas has also worked for Deutsche Bank as part of the Nordic M&A team in London. He currently serves on the boards of Scantox and Tandlægen.dk.

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

### Henrik Krøis

Henrik has a degree in Marketing Economics from the Copenhagen Business School. In addition, he has completed the Executive Board Leadership Program also from the Copenhagen Business School, as well as the Advanced Management Program from the Harvard Business School.

Henrik was the CEO of Ferrosan Medical Devices A/S from 2010 to 2021. Prior to that, Henrik held various positions within Coloplast, including as a Global Director of Brand Management and as a Vice President for Coloplast Japan.

Henrik joined the Board of Directors of Ferrosan Medical Devices in 2021.

### Marianne Ovesen

Marianne holds an M.Sc. in Food Science from the University of Copenhagen.

She currently serves as the Senior Vice President of Global Operations at Beckman Coulter Diagnostics with responsibility for Procurement, Distribution, Supply Chain and Manufacturing.

Marianne previously worked for more than 10 years at Radiometer, where she served as Vice President of Global Operations. She brings additional med tech experience from various positions at Coloplast.

Marianne has served on the Board of Directors of Ferrosan Medical Devices since 2014.

### Fredrik Strömholm

Fredrik holds an M.Sc. in International Business from the Stockholm School of Economics.

He is a founding partner at Altor and Impilo and has 20+ years of private equity experience in the Nordic Region, principally within health care. Fredrik has worked for 10 years at Goldman Sachs International and has held multiple directorships within life science companies such as Nycomed, Ferrosan, PaloDEx group and Apotek Hjärtat. He is Chairman of the Natur & Kultur Foundation and currently also serves on the boards of TFP, Euro Accident, Humana and The Swedish School of Sports and Health Sciences.

Fredrik has been on the Board of Directors of Ferrosan and then Ferrosan Medical Devices since 2005.

### Staffan Ternström

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

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

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

# Group Management

### Rasmus Hother le Fevre
***Chief Executive Officer***

Rasmus holds an M.Sc. in Forestry at University of Copenhagen and 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.

### Thomas Kastrup
***Chief Financial Officer***

Thomas holds a CBA from AVT Business School.

Thomas has 14+ years' experience as CFO in private equity owned companies. Furthermore, Thomas had a VP position in GN Store Nord, where he was employed in the headquarters for 9 years. His experience comes from international production companies, financial reporting, M&A, and IT development and implementations.

Thomas joined Ferrosan Medical Devices in March 2018.

### Rasmus Iver Agesen
***Vice President, Human Resources***

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

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 & Regulatory Affairs***

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

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 Chræmmer Jørgensen
***Vice President, Operations***

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

Nis has worked for Novo Nordisk A/S 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.

### Arnt Lund
***Managing Director, Electromechanics***

Arnt has an M.Sc. in Economics from the University of Copenhagen and an MBA from Copenhagen Business School.

Arnt has held various leadership positions. Since 2011, Arnt has been the Managing Director for the Electromechanics business of Ferrosan Medical Devices, including responsibility for the facility in Szczecin, Poland.

Arnt joined Ferrosan Medical Devices in 2000.

### Signe Munk
***Vice President, New Business Development***

Signe has a background as an engineer from DTU, Technical University of Denmark.

Signe has strong R&D and innovation experience from previous positions as Vice President, R&D at Novozymes and Hempel.

Signe joined Ferrosan Medical Devices in February 2019.

# Risk management

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

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

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

## OPERABILITY IN MANUFACTURING

Stable performance in deliveries and quality for our partners remains a key priority for Ferrosan Medical Devices.

Equipment breakdown, with the subsequent inability to sustain production, will challenge business continuity and can cause immediate financial and reputational damage to our company.

To mitigate the risk of breakdowns, we employ a structured and analytical approach to monitor equipment, and conduct preventive maintenance. As lead times on certain spare parts are long, we identify critical parts and establish the necessary inventory for back up.

In addition to our maintenance plan, we plan equipment upgrades and replacements for the coming years.

## PROTECTION AGAINST CYBERATTACKS

The threat of cyberattacks has increased significantly in recent years with cases of cybercrime to business operations happening more frequently. For Ferrosan Medical Devices, it is critical to preserve business continuity and safeguard sensitive data.

If Ferrosan Medical Devices are subject to malicious hacking, data leaks, theft of intellectual property rights or similar, it will likely result in considerable disruption to our operations. Such an event could have extensive negative consequences for us (reputational damage, costly mitigation and possibly regulatory fines).

To reduce exposure to cybercrimes, we undertake frequent internal investigations of our security systems and IT infrastructure. We take immediate and appropriate action once potential breaches are identified. For this purpose, we are collaborating with cyber security experts and advisory firms.

## STABILITY IN SUPPLY CHAINS

Infrastructure bottlenecks, resource shortages, demand fluctuations and trade disputes challenges global supply chains. Like many companies, Ferrosan Medical Devices is highly dependent on stable supply chains – both for sourcing and downstream transportation.

Supply chain disruptions can cause limited production output, delayed deliveries and insufficient service to customers. Eventually, resulting in financial and reputational damage to our company. Through diligent work by our supply chain department, we have managed to maintain stable sourcing and delivery in 2021, achieving a close to perfect delivery performance.

To mitigate the challenges in global supply chains, we constantly monitor inventory, ensure close contact with our suppliers and maintain conservative evaluations of stock levels.

## ATTRACTION AND RETENTION OF TALENT

Our ability to attract and retain the right talent remains of paramount importance to the success of Ferrosan Medical Devices.

In 2021, we experienced challenges with employee attraction and retention. Challenges with talent attraction and retention seem to be a structural issue, both in Denmark and globally, which we need to act on as a company.

To improve our ability to attract talent we have allocated extra resources for recruitment, enhanced our efforts to hire internationally and upgraded our external communications.

To improve retention, we have, among other initiatives, advanced our annual organizational review process to include specific consideration of resignation, launched new talent and leadership programs and implemented dialogue-based employee engagement evaluations.

*Surgiflo® product packaging in Søborg, Denmark*

# 05 Statements

# Statement by management

The Board of Directors and the Executive Management have today considered and adopted the Annual Report of Ferrosan Medical Devices Group A/S for the financial year (1 January to 31 December 2021).

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

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2021 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 2021.

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, 29 April 2022

## Executive Management

**Rasmus Hother Le Fevre**
CEO

**Thomas Kastrup Sørensen**
CFO

## Board of Directors

**Peter Henrik Kürstein-Jensen**
Chairman

**Henrik Frank Solander Krøis**

**Staffan Percy Ternström**

**Johan Fredrik Strömholm**

**Marianne Vinding Ovesen**

**Nicholas Povl Zilstorff Hooge**

# Independent auditor's report

## To the shareholders of Ferrosan Medical Devices Group A/S

**Opinion**
We have audited the consolidated financial statements and the parent financial statements of Ferrosan Medical Devices Group A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity, and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and statement of comprehensive income and consolidated cash flow statement for the Group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31.12.2021, and of the results of its operations and cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Furthermore, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31.12.2021, and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

**Basis for opinion**
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Statement on the management commentary**
Management is responsible for the management commentary.

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

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and

for using the going concern basis of accounting in preparing theconsolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related 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, 29.04.2022

**Deloitte**
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

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

# 06

# Group financial statements

# Consolidated financial statements

## Statement of comprehensive income

| DKK'000 | Note | 2021 | 2020 |
|---|---|---|---|
| Revenue | 4 | 720,355 | 622,364 |
| Cost of sales | | (157,797) | (135,819) |
| **Gross profit** | | **562,558** | **486,545** |
| Staff costs | 5 | (172,721) | (181,417) |
| Other external expensens | | (103,338) | (79,899) |
| **Earnings before interest, taxes, depreciation and amortisation (EBITDA)** | | **286,499** | **225,229** |
| Depreciation | 7 | (20,729) | (19,100) |
| **Earnings before interest, taxes and amortisation (EBITA)** | | **265,770** | **206,129** |
| Amortisation and impairment losses | 7 | (79,252) | (79,309) |
| **Earnings before interest and taxes (EBIT)** | | **186,518** | **126,820** |
| Financial income | 8 | 1,775 | 1,869 |
| Financial expenses | 9 | (52,819) | (60,905) |
| **Earnings before taxes (EBT)** | | **135,474** | **67,784** |
| Tax for the year | 10 | (32,618) | (17,031) |
| **Earnings after taxes (EAT)** | | **102,856** | **50,753** |
| | | | |
| **OTHER COMPREHENSIVE INCOME** | | | |
| ***Other comprehensive income that may be reclassified to profit or loss in subsequent periods:*** | | | |
| Exchange differences on translation of foreign operations | | 304 | 81 |
| Value adjustment of hedging instruments | | (2,148) | 2,148 |
| Income tax effect | | 473 | (473) |
| **Other comprehensive income for the year, net of tax** | | **(1,371)** | **1,756** |
| **Total comprehensive income** | | **101,485** | **52,509** |

## Balance sheet

| DKK'000 | Note | 31/12/21 | 31/12/20 | 01/01/20 |
|---|---|---|---|---|
| Completed development projects | 11 | 7,222 | 8,056 | 7,922 |
| Development project in progress | 11, 12 | 50,710 | 24,918 | 9,352 |
| Aquired intangible assets | 11 | 953,942 | 1,021,518 | 1,089,326 |
| Patents | 11 | 1,043 | 947 | 504 |
| Goodwill | 11, 12 | 446,831 | 446,831 | 446,831 |
| Property, plant and equipment | 13 | 186,570 | 117,094 | 100,785 |
| Right-of-use assets | 14 | 119,844 | 127,825 | 137,242 |
| **Total non-current assets** | | **1,766,162** | **1,747,189** | **1,791,962** |
| Inventories | 15 | 69,526 | 74,495 | 78,144 |
| Trade receivables | 16 | 107,291 | 91,718 | 74,307 |
| Other receivables | | 24,128 | 7,654 | 8,568 |
| Prepayments | | 6,403 | 5,133 | 3,708 |
| Cash | | 0 | 17,191 | 16,203 |
| **Total current assets** | | **207,348** | **196,191** | **180,930** |
| **Total assets** | | **1,973,510** | **1,943,380** | **1,972,892** |

| DKK'000 | Note | 31/12/21 | 31/12/20 | 01/01/20 |
|---|---|---|---|---|
| Share capital | 18 | 4,905 | 4,905 | 4,905 |
| Translation reserve | | 385 | 81 | 0 |
| Hedging reserve | | 0 | 1,675 | 0 |
| Retained earnings | | 556,419 | 461,881 | 407,934 |
| **Total equity** | | **561,709** | **468,542** | **412,839** |
| Deferred tax | 10 | 214,810 | 223,943 | 242,174 |
| Interest-bearing liabilites | 19 | 750,200 | 882,500 | 970,700 |
| Lease liabilities | 14 | 116,214 | 122,855 | 128,189 |
| Other payables | | 0 | 15,704 | 0 |
| **Total non-current liabilities** | | **1,081,244** | **1,245,002** | **1,341,063** |
| Interest-bearing liabilites | 19 | 185,062 | 94,172 | 114,946 |
| Lease liabilities | 14 | 8,085 | 7,334 | 9,053 |
| Trade payables | | 44,516 | 58,175 | 33,033 |
| Current tax liability | 10 | 33,292 | 35,933 | 23,646 |
| Other payables | | 59,622 | 34,222 | 38,312 |
| **Total current liabilities** | | **330,577** | **229,836** | **218,990** |
| **Total liabilities** | | **1,411,801** | **1,474,838** | **1,560,053** |
| **Total equity and liabilities** | | **1,973,510** | **1,943,380** | **1,972,892** |

## Changes in equity

| DKK'000 | Share capital | Translation reserve | Hedging reserve | Retained earnings | Total |
|---|---|---|---|---|---|
| **2021** | | | | | |
| **Balance at 1 January** | **4,905** | **81** | **1,675** | **461,881** | **468,542** |
| Earnings after taxes (EAT) | 0 | 0 | 0 | 102,856 | 102,856 |
| Exhange differences on transational of foreign operations | 0 | 304 | 0 | 0 | 304 |
| Dissolution of reserves | 0 | 0 | (2,148) | 2,148 | 0 |
| Value adjustments of hedging instruments | 0 | 0 | 0 | 1,405 | 1,405 |
| Income tax effect | 0 | 0 | 473 | (473) | 0 |
| Total other comprehensive income | 0 | 304 | (1,675) | 3,080 | 1,709 |
| **Total comprehensive income for the year** | **0** | **304** | **(1,675)** | **105,936** | **104,565** |
| **TRANSACTIONS WITH OWNERS** | | | | | |
| Purchase of treasury shares and warrants | 0 | 0 | 0 | (13,385) | (13,385) |
| Sale of treasury shares | 0 | 0 | 0 | 1,987 | 1,987 |
| **Total transactions with owners** | **0** | **0** | **0** | **(11,398)** | **(11,398)** |
| **Balance at 31 December** | **4,905** | **385** | **0** | **556,419** | **561,709** |

| DKK'000 | Share capital | Translation reserve | Hedging reservce | Retained earnings | Total |
|---|---|---|---|---|---|
| **2020** | | | | | |
| **Balance at 1 January** | **4,905** | **0** | **0** | **329,870** | **334,775** |
| Effect of initially applying IFRS | 0 | 0 | 0 | 78,064 | 78,064 |
| **Adjusted equity at 1 January** | **4,905** | **0** | **0** | **407,934** | **412,839** |
| Earnings after taxes (EAT) | 0 | 0 | 0 | 50,753 | 50,753 |
| Exhange differences on transational of foreign operations | 0 | 81 | 0 | 0 | 81 |
| Value adjustments of hedging instruments | 0 | 0 | 2,148 | 0 | 2,148 |
| Income tax effect | 0 | 0 | (473) | 0 | (473) |
| Other comprehensive income | 0 | 81 | 1,675 | 0 | 1,756 |
| **Total comprehensive income for the year** | **0** | **81** | **1,675** | **50,753** | **52,509** |
| **TRANSACTIONS WITH OWNERS** | | | | | |
| Sale of treasury shares | 0 | 0 | 0 | 3,194 | 3,194 |
| **Total transactions with owners** | **0** | **0** | **0** | **3,194** | **3,194** |
| **Balance at 31 December** | **4,905** | **81** | **1,675** | **461,881** | **468,542** |

## Cash flow statement

| DKK'000 | Note | 2021 | 2020 |
|---|---|---|---|
| Earnings before interest and taxes (EBIT) | | 186,518 | 126,820 |
| Depreciation, amortisation and impairment losses | | 99,981 | 98,409 |
| Change in working capital | 17 | (32,311) | 24,740 |
| Financial income received | | 1,775 | 1,869 |
| Financial expenses paid | | (54,798) | (53,807) |
| Income taxes refunded/(paid) | | (35,637) | (23,448) |
| **Cash flow from operating activities** | | **165,528** | **174,583** |
| Investments in intangible assets | 11 | (28,489) | (10,049) |
| Investments in property plant and equipment | 13 | (88,640) | (45,515) |
| **Cash flow from investing activities** | | **(117,129)** | **(55,564)** |
| Proceeds from borrowings | 19 | 60,000 | 0 |
| Repayment of interest-bearing liabilities | 19 | (101,410) | (108,974) |
| Payment of principal portion of lease liabilities | 14 | (12,383) | (12,250) |
| Purchase of treasury shares | 18 | (13,385) | 0 |
| Sale of treasury shares | 18 | 1,987 | 3,193 |
| **Cash flow from financing activities** | | **(65,191)** | **(118,031)** |
| | | | |
| **CHANGE IN CASH AND CASH EQUIVALENTS** | | | |
| Cash, 1 January | | 17,191 | 16,203 |
| The effect of exchange rate changes | | (399) | 0 |
| Net cash flow | | (16,792) | 988 |
| **Cash 31 December** | | **0** | **17,191** |

# Notes

1

# Accounting policies

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

## Basis of preparation

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

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

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

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

## Basis of consolidation

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

## Principles of consolidation

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

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

The line items of subsidiaries are recognised 100% in the Consolidated Financial Statements. Investments in subsidiaries are offset by the interest's share of subsidiaries. Accounting policies are described in full in this note below.

## First-time adoption of IFRS

The Group' financial statements have for the first time been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish requirements for the presentation of financial statements. In previous years, the financial statements of the Parent Company were prepared in accordance with the Danish Financial Statements Act for reporting class C (large) enterprises. As a result of the transition to IFRS, IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

In accordance with IFRS 1, the income statement for 2021 and 2020 and the statement of financial position at 31 December 2021 and comparative figures for 31 December 2020 have been prepared in accordance with IFRS/IAS and IFRIC/SIC applicable at 31 December 2021. The statement of financial position at 1 January 2020 has been prepared in accordance with the same principles.

*Continued on page 42*

## Impact on statement of profit or loss and statement of comprehensive income 2020:

| DKK'000 | Note | 2020 Group as reported under DFSA | Impact from adoption of IFRS | Reclassification | IFRS for the year ended 31 December 2020 |
|---|---|---|---|---|---|
| Revenue | | 622,364 | - | - | 622,364 |
| Cost of sales | | (135,819) | - | - | (135,819) |
| **Gross profit** | | **468,545** | **-** | **-** | **486,545** |
| Staff costs | B | (177,519) | (3,989) | - | (181,417) |
| Other external expenses | A | (92,148) | 12,249 | - | (79,899) |
| **Earnings before interest, taxes, depreciation and amortisation (EBITDA)** | | **216,878** | **8,351** | **-** | **225,229** |
| Depreciation, amortisation and impairment losses | A, C | (111,440) | 13,031 | - | (98,409) |
| **Earnings before interest and taxes (EBIT)** | | **105,438** | **21,384** | **-** | **126,820** |
| Financial income | | 1,869 | - | - | 1,869 |
| Financial expenses | A | (55,707) | (5,198) | - | (60,905) |
| **Earnings before taxes (EBT)** | | **51,600** | **16,184** | **-** | **67,784** |
| Tax for the year | | (18,386) | 1,355 | - | (17,031) |
| **Earnings after taxes (EAT)** | | **33,214** | **17,539** | **-** | **50,753** |
| **OTHER COMPREHENSIVE INCOME** | | | | | |
| ***Other comprehensive income that may be reclassified to profit or loss in subsequent periods:*** | | | | | |
| Exchange differences on translation of foreign operations | | - | - | 81 | 81 |
| Value adjustment of hedging instruments | | - | - | 2,148 | 2,148 |
| Income tax effect | | - | - | (473) | (473) |
| **Other comprehensive income for the year, net of tax** | | **-** | **-** | **1,756** | **1,756** |
| **Total comprehensive income** | | **33,214** | **17,539** | **1,756** | **52,509** |

*Accounting policies – continued*

## Impact on statement of financial position 2020:

| DKK'000 | Note | 2020 Group as reported under DFSA | Impact from adoption of IFRS | Reclassification | IFRS for the year ended 31 December 2020 |
|---|---|---|---|---|---|
| Completed development projects | B | 8,510 | (454) | - | 8,056 |
| Aquired intangible assets | | 1,021,518 | - | - | 1,021,518 |
| Patents | | 947 | - | - | 947 |
| Goodwill | C | 346,426 | 100,405 | - | 446,831 |
| Development project in progress | B | 26,401 | (1,483) | - | 24,918 |
| Property, plant and equipment | B | 118,948 | (1,854) | - | 117,094 |
| Right-of-use assets | A | 0 | 127,825 | - | 127,825 |
| **Total non-current assets** | | **1,522,750** | **224,439** | **-** | **1,747,189** |
| Inventories | | 74,495 | - | - | 74,495 |
| Trade receivables | | 91,718 | - | - | 91,718 |
| Other receivables | | 7,654 | - | - | 7,654 |
| Prepayments | | 5,133 | - | - | 5,133 |
| Cash | | 17,191 | - | - | 17,191 |
| **Total current assets** | | **196,191** | **-** | **-** | **196,191** |
| **Total assets** | | **1,718,941** | **224,439** | **-** | **1,943,380** |

| DKK'000 | Note | 2020 Group as reported under DFSA | Impact from adoption of IFRS | Reclassification | IFRS for the year ended 31 December 2020 |
|---|---|---|---|---|---|
| Share capital | | 4,905 | - | - | 4,905 |
| Translation reserve | | 81 | - | - | 81 |
| Hedging reserve | | 1,675 | - | - | 1,675 |
| Retained earnings | A,B,C | 366,277 | 95,604 | - | 461,881 |
| **Total equity** | | **372,938** | **95,604** | **-** | **468,542** |
| Deferred tax | B | 225,297 | (1,354) | - | 223,943 |
| Other payables | | 15,704 | - | - | 15,704 |
| Interest-bearing liabilities | | 882,500 | - | - | 882,500 |
| Lease liabilities | A | 0 | 122,855 | - | 122,855 |
| **Total non-current liabilities** | | **1,123,501** | **121,501** | **-** | **1,245,002** |
| Interest-bearing liabilities | | 94,172 | - | - | 94,172 |
| Lease liabilities | A | 0 | 7,334 | - | 7,334 |
| Trade payables | | 58,175 | - | - | 58,175 |
| Current tax liabilitiy | | 35,933 | - | - | 35,933 |
| Other payables | | 34,222 | - | - | 34,222 |
| **Total current liabilities** | | **222,502** | **7,334** | **-** | **229,836** |
| **Total liabilities** | | **1,346,003** | **128,835** | **-** | **1,474,838** |
| **Total equity and liabilities** | | **1,718,941** | **224,439** | **-** | **1,943,380** |

The Group equity as of 1 January 2020 reported under DFSA was DKK 334,775 thousand. The Group equity has been adjusted by DKK 78,064 thousand. The new IFRS Group equity as of 1 January 2020 is DKK 412,839 thousand.

*Accounting policies – continued*

**Exemptions applied**
In the preparation of the first IFRS Financial statement, the following exemptions have been applied:

*Leases*
IFRS allows a first-time adopter to determine whether a contract existing at the date of transition to IFRS contains a lease on the basis of facts and circumstances existing at that date. Also IFRS 1 allows a first-time adopter, that is a lessee, to apply a single discount rate to a portfolio of leases with reasonably similar characteristics. We have utilised this exemption to our lease contracts.

*Cumulative translation differences*
IFRS allows a first-time adopter not to comply with the requirements in IAS 21 to recognise cumulative translation differences on foreign operations that existed at the date of transition to IFRSs. If a first-time adopter uses this exemption then the cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to IFRS. We have utilised this exemption.

**Changes in accounting policies**
As a result of first time adoption of IFRS, the Group has changed its accounting policies for recognition of leases. The Group has adjusted for the changes in accounting policies in the opening balance of equity at 1 January 2020.

*A. Leases*
Under DFSA, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised 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 recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.
At the date of transition to IFRS, the Group applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to IFRS. 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 recognised an increase of DKK 127,825 thousand 31 December 2020 (1 January 2020: DKK 137,242 thousand) of right-of-use assets and DKK 130,189 thousand 31 December 2020 (1 January 2020: DKK 137,242 thousand) of lease liabilities. Additionally, depreciation increased by DKK 9,417 thousand and finance costs increased by DKK 4,931 thousand for the year ended 31 December 2021.

*B. Development costs and Property, plant and equipment*
Under DFSA, indirect costs of development projects and property, plant and equipment were capitalised. Under IFRS, these indirect costs are expensed in the year they occurred. As a result, the Group recognised a decrease of intangible assets and property, plant and equipment and an increase in staff costs. As a result the balance sheet as of 1 January 2020 was effected by DKK 0 thousand, and DKK 3,791 thousand as of 31 December 2020. The effect in the income statement in 2020 amount to DKK 3,791 thousand.

*C. Goodwill*
As part of the transition to IFRS, goodwill amortisation for 2020 of DKK 100,405 thousand has been reversed. Goodwill amortisation has been reversed as goodwill with an indefinite useful life is not amortised according to IFRS, but is subject to an annual impairment test. For further information, see note 11.

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

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

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

**Derivatives (Hedging)**
The Group uses derivative financial instruments such as interest rate swaps to hedge its interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses (excluding inefficiency) arising from changes in the fair value of interest rate swaps are recognised directly in other comprehensive income as hedge accounting has been applied.

**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 EBITDA, working capital changes, financial expenses paid and income tax paid.

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

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

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

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

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

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

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

*Accounting policies – continued*

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

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

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

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

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

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

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

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

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

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

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

*Other intangible assets*
The useful lives of intangible assets are assessed as finite.

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

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

| | |
|---|---|
| Acquired patents: | 5-10 years |
| Acquired intangible asssets: | 20 years |

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

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

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

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

| | |
|---|---|
| Development projects: | 7 years |

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

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

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

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

*Accounting policies – continued*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 2

# Adoption of new and amended standards

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

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

3

# Critical accounting judgements and key sources of estimation uncertainty

As part of the preparation of the financial statements, Management makes a number of accounting estimates and assumptions as a basis for recognising and measuring the Group's assets, liabilities, income and expenses as well as judgements made in applying the entity's accounting policies. The estimates, judgements and assumptions made are based on experience gained and other factors that are considered prudent by Management in the circumstances, but which are inherently subject to uncertainty and volatility.
The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur for which reason the actual results may differ from the estimates and judgements made. The accounting policies are described in detail in note 1 to the financial statements to which we refer.

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

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

4

# Revenue

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

| DKK'000 | 2021 | 2020 |
|---|---|---|
| Biomaterial devices | 671,630 | 575,008 |
| Electromechanical devices | 48,725 | 47,356 |
| **Total** | **720,355** | **622,364** |

All revenue are recognised 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 2020 and 2021.

5

# Staff costs

| DKK'000 | 2021 | 2020 |
|---|---|---|
| Salaries | 154,781 | 166,474 |
| Pensions | 15,905 | 14,264 |
| Other social security costs | 2,035 | 679 |
| **Total** | **172,721** | **181,417** |
| Average numbers of employees during the year | 345 | 329 |

**KEY MANAGEMENT COMPENSATION**

| | | |
|---|---|---|
| ***Board of Directors*** | | |
| Short-term employee benefits | 963 | 975 |
| **Total compensentation of Board of Directors** | **963** | **975** |
| ***Executive Management*** | | |
| Short-term employee benefits | 5,870 | 4,296 |
| Post-employment benefits | 370 | 357 |
| **Total compensentation of Executive Management** | **6,240** | **4,653** |
| ***Other Key Management personnel*** | | |
| Short-term employee benefits | 11,542 | 7,275 |
| Post-employment benefits | 753 | 601 |
| **Total compensentation of Other Key Management personnel** | **12,295** | **7,876** |

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

**Share-based payment**

The Company has issued 436,381 common stock warrants to Executive Management, Board of Directors and Other Key Management personnel of the Group of which 23,298 were issued during 2021 (54,240 issued on 2020). 9,243 common stock warrants were repurchased during 2020, and as at 31 December 2021 53,157 common stock warrants were issued at fair market. None of the common stock warrants are exercisable at this date. The warrants were issued at fair market value and therefore no compensation expense is recognised. The warrants give the holders the right (without pre-emption right for the Company's existing shareholders) to subscribe for up to 436,381 shares in the Company with a par value of one Danish Krone.

The common stock warrants can be exercised either (i) at a change of control of the Group or an IPO or (ii) in July 2023 for the majority of the warrant holders if a change of control of the Group or an IPO has not occurred before then. For some warrant holders their warrants can be exercised in July 2025. The Company's share capital may be increased in order to make it possible for the holders of the warrants to exercise the warrants.

| Number of warrants | 2021 | 2020 |
|---|---|---|
| Outstanding 1 January | 456,240 | 411,243 |
| Granted during the period | 23,298 | 54,240 |
| Lost due to termination of employment | (43,157) | (9,243) |
| Exercised during the period | 0 | 0 |
| **Outstanding 31 December** | **436,381** | **456,240** |
| Number of warrants which can be exercised at balance sheet date | 0 | 0 |
| Weighted average contractual life (years) | 2 | 3 |
| Weighted average exercise rate | 0 | 0 |

The incentive scheme is based on Black & Scholes' calculations for the estimated market value at the time of allocation.

## 6

# Fees paid to auditors appointed at the annual general meeting

| DKK'000 | 2021 | 2020 |
|---|---|---|
| Statutory audit | 474 | 450 |
| Other assurance services | 75 | 75 |
| Tax and VAT advisory servives | 170 | 168 |
| Other services | 128 | 474 |
| **Total** | **847** | **1,167** |

## 7

# Depreciation, amortisation and impairment losses

| DKK'000 | 2021 | 2020 |
|---|---|---|
| Amorisation of intangible assets | 71,011 | 70,273 |
| Depreciation of property, plant and equipment | 19,193 | 18,587 |
| Loss from sale of intangible assets and property, plant and equipment | 234 | 132 |
| Depreciation of right-of-use assets | 9,543 | 9,417 |
| **Total** | **99,981** | **98,409** |

## 8

# Financial income

| DKK'000 | 2021 | 2020 |
|---|---|---|
| Foreign exchange gains | 1,775 | 1,845 |
| Other financial income | 0 | 24 |
| **Total** | **1,775** | **1,869** |

## 9

# Financial expenses

| DKK'000 | 2021 | 2020 |
|---|---|---|
| Interest on interest-bearing liabilites | 44,731 | 48,329 |
| Foreign exchange losses and other adjustments | 3,026 | 8,130 |
| Other financial expenses | 5,062 | 4,446 |
| **Total** | **52,819** | **60,905** |

10

# Tax for the year

| DKK'000 | 2021 | 2020 |
|---|---|---|
| **TAX FOR THE CURRENT YEAR CAN BE SPECIFIED AS FOLLOWS:** | | |
| Tax of the result of the year | (32,618) | (17,031) |
| Tax on other comprehensive income | 473 | (473) |
| | **(32,145)** | **(17,504)** |
| Current tax for the year income | 42,764 | 35,878 |
| Changes in deferred tax | (9,133) | (18,705) |
| Correction previous years | (1,701) | 0 |
| Regulation relating to previous years | 215 | (142) |
| | **32,145** | **17,031** |
| Tax calculated as 22% of earnings before taxes (EBT) | 29,804 | 14,912 |
| Foreign tax adjustment | 148 | (1,645) |
| 130% tax deduction on development cost | (2,137) | (205) |
| Non tax deductable expenses | 13 | (73) |
| Interest deduction limitation | 4,898 | 4,495 |
| 116% tax deduction on PPE | (183) | 472 |
| Regulation relating to previous years | 216 | 0 |
| Non-capitalised tax assets | 318 | (142) |
| Other adjustments | (932) | (783) |
| **Effective tax** | **32,145** | **17,031** |
| **Effective tax rate (%)** | **24%** | **25%** |

| DKK'000 | 2021 | 2020 |
|---|---|---|
| **DEFERRED TAX LIABILITIES, NET** | | |
| Deferred tax 1 January | 223,943 | 242,174 |
| Deferred tax for the year recognised in the statement of profit or loss | (8,661) | (18,704) |
| Deferred tax for the year recognised in other comprehensive income | (472) | 473 |
| **Deferred tax 31 December** | **214,810** | **223,943** |
| **DEFERRED TAX IS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION AS FOLLOWS:** | | |
| Deferred tax (asset) | 0 | 0 |
| Deferred tax (liability) | 214,810 | 223,943 |
| **Net, total** | **214,810** | **223,943** |
| **DEFERRED TAX CONCERNS:** | | |
| Intangible assets | 224,268 | 229,345 |
| Tangible assets | (6,472) | (2,867) |
| Inventories | 1,686 | 1,468 |
| Other provisions | (871) | (61) |
| Payables | (3,801) | (3,942) |
| **Total** | **214,810** | **223,943** |

The group has a not recognized deferred tax asset related to carry-forward losses in Poland of 7,300 thousnd DKK (PLN 4,512 thousand). The change in all temporary differences have been recognized in profit and loss.

11

# Intangible assets

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

| DKK'000 | Completed development projects | Development projects in progress | Patents | Goodwill | Aquired intangible assets | Total |
|---|---|---|---|---|---|---|
| **2020** | | | | | | |
| Cost at 1 January | 38,778 | 9,352 | 520 | 446,831 | 1,324,519 | 1,820,000 |
| Effect of transition to IFRS | (478) | (1,483) | 0 | 0 | 0 | (1,961) |
| Adjusted cost at 1 January | 38,300 | 7,869 | 520 | 446,831 | 1,324,519 | 1,818,039 |
| Foreign exchange adjustments | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions | 0 | 11,429 | 561 | 0 | 21 | 12,011 |
| Transfer | 3,131 | 5,620 | 0 | 0 | 0 | 8,751 |
| **Cost at 31 December** | **41,431** | **24,918** | **1,081** | **446,831** | **1,324,540** | **1,838,801** |
| Amortisation and impairment losses at 1 January | (30,856) | 0 | (16) | (78,174) | (235,193) | (344,239) |
| Effect of transition to IFRS | 24 | 0 | 0 | 78,174 | 0 | 78,198 |
| Adjusted Amortisation and impairment losses at 1 January | (30,832) | 0 | (16) | 0 | (235,193) | (266,041) |
| Foreign exchange adjustments | 0 | 0 | 0 | 0 | 0 | 0 |
| Amortisation during the year | (2,543) | 0 | (118) | 0 | (67,829) | (70,490) |
| Reversed amortisation during the year | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals during the year | 0 | 0 | 0 | 0 | 0 | 0 |
| **Amortisation and impairment losses at 31 December** | **(33,375)** | **0** | **(134)** | **0** | **(303,022)** | **(336,531)** |
| **Carrying amount at 31 December** | **8,056** | **24,918** | **947** | **446,831** | **1,021,518** | **1,502,270** |

11

# Intangible assets (continued)

Completed development projects relate to the development of Biomaterial Devices products. Management has an expectation of positive earnings from the project.

During 2021 the Group has continued the work with Product Certificates/approvals related to new markets/ regions.

Furthermore, the Group has continued to develop new products which could be used as a part of the surgical area. It is Management expectation that these products will be launched on new markets within 1-6 year.

It is Management's assessment that the expected useful life of the assets with an definite useful life, as well as the expected future revenue streams from the assets, are sufficient to cover the value of recognised developed projects at the reporting date.

In addition, it is Management assessment that the Group have the necessary competencies and have the intention to finalise development projects in progress as of 31 December 2021.

12

# Impairment of goodwill including development projects in progress

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

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

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

| DKK'000 | Development projects in progres | Goodwill | Share |
|---|---|---|---|
| Biomaterial Devices | 50,710 | 446,831 | 100% |
| **Total** | **50,710** | **446,831** | **100%** |

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

The recoverable amount is based on value is use, which calculated by means of expected net-cash-flows on the basis of forecasts for 2022 – 2026 approved by the Board of Directors. The forecast for 2022 – 2026 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:

| | 2021 |
|---|---|
| Revenue growth rates 2022 – 2026 | 7% |
| Growth rate in terminal period | 2.5% |
| Discount rate before tax (%) | 11.2% |
| Discount rate (WACC) | 8.7% |

13

# Property, plant and equipment

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

| DKK'000 | Other fixtures and fittings, tools and equipment | Plant and machinery | Leasehold improvement | Assets under construction | Total |
|---|---|---|---|---|---|
| **2020** | | | | | |
| Cost at 1 January | 36,946 | 81,180 | 12,922 | 62,980 | 194,028 |
| Effect of transition to IFRS | 0 | (520) | 0 | (1,417) | (1,937) |
| Adjusted cost at 1 January | 38,300 | 80,660 | 12,992 | 61,563 | 192,091 |
| Foreign exchange adjustments | 0 | (613) | 0 | (1,323) | (1,936) |
| Additions | 1,872 | 1,662 | 121 | 43,797 | 47,452 |
| Disposals | 0 | (6) | 0 | (8,904) | (8,910) |
| Transfer | 0 | 340 | 0 | (9,091) | (8,751) |
| **Cost at 31 December** | **38,818** | **82,043** | **13,043** | **86,042** | **219,946** |
| Depreciation at 1 January | (22,193) | (63,234) | (7,395) | (456) | (93,278) |
| Effect of transition to IFRS | 0 | 83 | 0 | 0 | 83 |
| Adjusted depreciation at 1 January | (22,193) | (63,151) | (7,395) | (456) | (93,195) |
| Foreign exchange adjustments | 1 | 25 | 0 | 0 | 26 |
| Depreciation during the year | (3,869) | (3,599) | (2,215) | 0 | (9,683) |
| **Depreciation at 31 December** | **(26,061)** | **(66,725)** | **(9,610)** | **(456)** | **(102,852)** |
| **Carrying amount at 31 December** | **12,757** | **15,318** | **3,433** | **85,586** | **117,094** |

14

# Leases

| DKK'000 | Property | Cars | Total |
|---|---|---|---|
| **2021** | | | |
| Cost at 1 January | 136,648 | 594 | 137,242 |
| Additions | 0 | 1,562 | 1,562 |
| **Cost at 31 December** | **136,648** | **2,156** | **138,804** |
| Depreciation at 1 January | (9,212) | (205) | (9,417) |
| Depreciation during the year | (9,212) | (331) | (9,543) |
| **Depreciation at 31 December** | **(18,424)** | **(536)** | **(18,960)** |
| **Carrying amount at 31 December** | **118,224** | **1,620** | **119,844** |
| **2020** | | | |
| Cost at 1 January | 136,648 | 594 | 137,242 |
| Additions | 0 | 0 | 0 |
| **Cost at 31 December** | **136,648** | **594** | **137,242** |
| Depreciation at 1 January | 0 | 0 | 0 |
| Depreciation during the year | (9,212) | (205) | (9,417) |
| **Depreciation at 31 December** | **(9,212)** | **(205)** | **(9,417)** |
| **Carrying amount at 31 December** | **127,436** | **389** | **127,825** |

Carrying amounts of lease liabilities and movements during the period:

| DKK'000 | 2021 | 2020 |
|---|---|---|
| At 1 January | 130,189 | 137,242 |
| Additions | 1,562 | 0 |
| Accrual of interest | 4,931 | 5,197 |
| Payments | (12,383) | (12,250) |
| **At 31 December** | **124,299** | **130,189** |
| Non-current | 8,085 | 7,334 |
| Current | 116,214 | 122,855 |

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

| DKK'000 | 2021 | 2020 |
|---|---|---|
| Depreciation expense of right-of-use assets | 9,543 | 9,417 |
| Interest expense on lease liabilities | 4,931 | 5,197 |
| Expense relating to short-term leases (included in other external expenses) | 0 | 0 |
| **Total amount recognised in the statement of profit or loss** | **14,474** | **14,614** |

The Group had a total cash outflow for leases of DKK 12,383 thousand (2020: DKK 12,250 thousand). The Group leases offices and lease terms are negotiated on an individual basis and contain different terms and conditions. As part of COVID-19, no rent concession has been received. The Group had non-cash additions to right-of-use assets and lease liabilities of DKK 1,562 thousand in 2021 and DKK 137,242 thousand in 2020.

15

# Inventories

| DKK'000 | 2021 | 2020 |
|---|---|---|
| Raw materials | 29,280 | 34,526 |
| Goods under construction | 15,715 | 16,970 |
| Finished goods | 29,021 | 29,355 |
| Write-down inventories | (4,490) | (6,356) |
| **Total at 31 December** | **69,526** | **74,495** |

During the period 0 DKK (2020: DKK 1,133 thousand) was recognized as an expense (a write-down) in the income statement.

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# Trade receivables

| DKK'000 | 31 December 2021 | 31 December 2020 | 1 January 2020 |
|---|---|---|---|
| Trade receivables | 107,291 | 91,718 | 74,307 |
| **Total** | **107,291** | **91,718** | **74,307** |

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

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# Working capital changes

| DKK'000 | 2021 | 2020 |
|---|---|---|
| Change in inventories | 4,969 | 3,656 |
| Change in receivables and prepayments | (33,317) | (17,921) |
| Change in trade payables and other debt etc. | (3,963) | 39,005 |
| **Total** | **(32,311)** | **24,740** |

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# Share capital

At 31 December 2021, the share capital consisted of 4,905,330 (2020: 4,905,330) shares with a nominal value of DKK 1. The share capital has been paid in full. The shares are not divided into classes and carry no right to fixed income.

| DKK'000 | 2021 | 2020 |
|---|---|---|
| **ISSUED AND FULLY PAID-UP SHARES:** | | |
| At 1 January | 4,905 | 4,905 |
| Capital increase | 0 | 0 |
| **Share capital at 31 December** | **4,905** | **4,905** |

The Group holds treasury shares in the Parent company of DKK 18,859 as of 31 December 2021 (31 December 2020: DKK 2,186).

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# Interest-bearing liabilities

| DKK'000 | 2021 | 2020 | 1 January 2020 |
|---|---|---|---|
| **BORROWINGS** | | | |
| Non-current interest-bearing liabilities | 866,414 | 1,005,355 | 1,098,889 |
| Current interest-bearing liabilities | 193,147 | 101,506 | 123,999 |
| **Total** | **1,059,561** | **1,106,861** | **1,222,888** |

| DKK'000 | Currency | Interest rate | Average interest rate | Carrying amount |
|---|---|---|---|---|
| Bank loans | DKK | Fixed | 3.9% | 935,262 |
| Lease liabilities | DKK | Fixed | 4.0% | 124,299 |
| **Total as of 31 December 2021** | | | | **1,059,561** |

| DKK'000 | Currency | Interest rate | Average interest rate | Carrying amount |
|---|---|---|---|---|
| Bank loans | DKK | Fixed | 3.9% | 976,672 |
| Lease liabilities | DKK | Fixed | 4.0% | 130,189 |
| **Total as of 31 December 2020** | | | | **1,106,861** |

Changes in lease liabilities are shown within note 14.

Change in bank loans:

| DKK'000 | 2021 | 2020 |
|---|---|---|
| Liabilities at 1 January | 976,672 | 1,085,646 |
| Loans raised | 60,000 | 0 |
| Repayments | (101,410) | (108,974) |
| Accrued interest | 0 | 0 |
| **Liabilities at 31 December** | **935,262** | **976,672** |

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# Financial risks

**Financial risk management**

As a result of its operations, investments and financing, Ferrosan Medical Devices Group A/S is exposed to market risks in the form of changes in exchange rates and interest rates, as well as credit risks and liquidity risks. The Group operates with a low 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**

As of 31 December 2021 Ferrosan Medical Devices Group A/S has no hedging instruments related to interest rates. Current borrowing rates are based on a three-month CIBOR plus a premium. If market interest rates increased by one percentage point, the interest rate sensitivity as calculated based on the loan balance to credit institutions at yearend 2021 would lead to a yearly increase in interest expenses of DKK 9,353 thousand. A corresponding decrease in market interest rates would have the opposite impact.

However as of 31 December 2020, the Group had a swap agreement with a fair value of 1,675 DKK (after tax). The fair value adjustment has been recognised in "other comprehensive income".

## Categories of financial assets and financial liabilities measured at amortised cost

| DKK'000 | 2021 | 2020 |
|---|---|---|
| Prepayments | 6,403 | 5,133 |
| Receivables | 131,419 | 99,372 |
| Cash | 0 | 17,191 |
| **Total assets** | **137,822** | **121,696** |
| Interest-bearing loan, current | 935,262 | 976,672 |
| Lease liabilities | 124,299 | 130,189 |
| Trade payables | 44,516 | 58,175 |
| Other payables | 59,662 | 34,222 |
| **Total liabilities** | **1,163,699** | **1,199,258** |
| **Total, net** | **1,301,521** | **1,320,954** |

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

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# Financial risks (continued)

**Credit risk**

It is the Group's assessment that the exposure to credit risk is not significant. Impairment of receivables are immaterial in both 2021 and 2020.

**Currency risk**

The majority of the Group's currency risk relate to USD and PLN.

| Thousand | Assets | Liabilities | Net |
|---|---|---|---|
| USD | 900 | 0 | 900 |
| PLN | 8,500 | 4,900 | 3,600 |

The currency risks are not directly hedged, however the distribution agreement with Ethicon includes indirect hedging of USD to DKK.

**Liquidity risk**

The Group is monitoring the need of liquidity based on a ongoing basis. At 31 December 2021, the Group has an undrawn credit facility of DKK 34,5 million to ensure that the Group is able to meet its short term obligations. Management considers the Group's credit availability to be sufficient for the next 12 months.

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

| DKK'000 | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 years | Total | Carrying amount |
|---|---|---|---|---|---|---|
| **YEAR ENDED 31 DECEMBER 2021** | | | | | | |
| Interest-bearing loans | 52,762 | 132,300 | 750,200 | 0 | 935,262 | 935,262 |
| Lease liabilities | 2,021 | 6,064 | 33,707 | 82,507 | 124,299 | 124,299 |
| Other payables | 15,328 | 28,429 | 0 | 15,865 | 59,622 | 59,622 |
| Trade payables | 44,516 | 0 | 0 | 0 | 44,516 | 44,516 |
| **Total non-derivative financial liabilities** | **114,627** | **166,793** | **783,907** | **98,372** | **1,163,699** | **1,163,699** |
| **YEAR ENDED 31 DECEMBER 2020** | | | | | | |
| Interest-bearing loans | 5,972 | 88,200 | 882,500 | 0 | 976,672 | 976,672 |
| Lease liabilities | 1,833 | 5,501 | 31,675 | 91,180 | 130,189 | 130,189 |
| Other payables | 11,421 | 22,801 | 0 | 0 | 34,222 | 34,222 |
| Trade payables | 58,175 | 0 | 0 | 0 | 58,175 | 58,175 |
| **Total non-derivative financial liabilities** | **77,401** | **116,502** | **914,175** | **91,180** | **1,199,258** | **1,199,258** |

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# Guarantees, contingent liabilities and collateral

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

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

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# Related parties

| Shareholders | Registered office | Basis of influence |
|---|---|---|
| Impilo No I AB | Sweden | 50-66.66 % |
| Kirk Kapital Strategic Investments A/S | Denmark | 25-33.32 % |
| Hans-Christian Bødker Jensen | Schweiz | 10-14.99 % |

The immediate parent company is Impilo No I AB; the ultimate parent company is Impilo Partners AB.

Transactions with related parties mentioned above relate to joint taxation payments and management fee total less then DKK 1 million. All transactions have been paid on market conditions.

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

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# List of Group companies

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

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# Events after the reporting period

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

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# Parent company financial statements

# Parent company financial statements

## Statement of profit or loss

| DKK'000 | Note | 2021 | 2020 |
|---|---|---|---|
| Other external costs | | (1,549) | (1,484) |
| **Gross profit** | | **(1,549)** | **(1,484)** |
| Income/loss from investments in subsidiaries | | 0 | 1,000 |
| Financial costs | | (6) | (3) |
| **Earnings before taxes (EBT)** | | **(6)** | **(487)** |
| Tax for the year | 2 | 342 | 326 |
| **Earnings after taxes (EAT)** | **3** | **(1,213)** | **(161)** |

## Changes in equity

| DKK'000 | Share capital | Retained earnings | Total |
|---|---|---|---|
| **Equity beginning of year** | **4,905** | **805,854** | **810,759** |
| Other equity transactions | 0 | (6,580) | (6,580) |
| Earnings after taxes (EAT) | 0 | (1,213) | (1,213) |
| **Equity end of year** | **4,905** | **798,061** | **802,966** |

## Balance sheet

| DKK'000 | Note | 2021 | 2020 |
|---|---|---|---|
| Investment in subsidiaries | | 810,201 | 810,201 |
| **Financial assets** | **4** | **810,201** | **810,201** |
| **Fixed assets** | | **810,201** | **810,201** |
| Joint taxation receivables | | 343 | 327 |
| **Receivables** | | **343** | **327** |
| Cash and cash equivalents | | 306 | 876 |
| **Total current assets** | | **649** | **1,203** |
| **Total assets** | | **810,850** | **811,404** |

| DKK'000 | Note | 2021 | 2020 |
|---|---|---|---|
| Share capital | | 4,905 | 4,905 |
| Retained earnings | | 798,061 | 805,854 |
| **Total equity** | | **802,966** | **810,759** |
| Trade payables | | 102 | 166 |
| Payables to Group entities | | 7,674 | 0 |
| Other payables | | 108 | 479 |
| **Total current liabilties** | | **7,884** | **645** |
| **Total liabilities** | | **7,884** | **645** |
| **Total equity and liabilities** | | **810,850** | **811,404** |

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# Summary of significant accounting policies

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

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

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

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

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

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

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

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# Tax

| | 2021 | 2020 |
|---|---|---|
| Refund in joint taxation arrangement | (342) | (327) |
| Change in deferred tax | 0 | 0 |
| Adjustments prior year | 0 | 1 |
| **Profit/loss for the year** | **(342)** | **(326)** |

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# Proposed distribution of profit and loss

| | 2021 | 2020 |
|---|---|---|
| Dividend | 0 | 0 |
| Retained earnings | (1,213) | (161) |
| **Profit/loss for the year** | **(1,213)** | **(161)** |

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# Financial assets

| DKK'000 | Investment in subsidiaries |
|---|---|
| **2021** | |
| Cost at 1 January | 810,201 |
| **Cost at 31 December** | **810,201** |
| **Carrying amount at 31 December** | **810,201** |

## 5

# Guarantees, contingent liabilities and collateral

**Contingent liabilities**
The Parent Company participates in a Danish joint taxation arrangement where Impilo 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**
The Group has provided security for the entire bank loan with investments in affiliated companies. The carrying amount of the investments in the "nearest" subsidiary amounts to DKK 810,201 thousand per 31 December 2021. The total draw on bank facilities in the group amounts to DKK 966,937 thousand per 31 December 2021.

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# Related parties

**Related parties with controlling interest**
Impilo Holding AB, Holländargatan 20, 111 60 Stockholm Sweden owns the majority of the shares within the Company, thus having controlling influence thereon.

**Related party transactions**
The annual report only discloses transactions with related parties that have not been carried out on market terms. No such transactions were completed during the financial year.

Ferrosan
Medical Devices

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

Business Registration No.: 37 80 83 42
Registered office: Gladsaxe
Financial year: 01.01.2021 - 31.12.2021

**Auditors**
Deloitte Statsautoriseret
Revisionspartnerselskab
Weidekampsgade 6
2300 København S