Grant Thornton

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Phillips-Medisize Holdings A/S

Gimsinglundvej 20, 7600 Struer

Company reg. no. 37 70 54 97

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 3 July 2024.

David William Cole
Chairman of the meeting

Contents

Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Phillips-Medisize Holdings A/S for the financial year 1 January - 31 December 2023.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Struer, 3 July 2024

Managing Director

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Brett Alan Landrum
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Brett Alan Landrum

Board of directors

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David Cole
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David William Cole

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Brett Alan Landrum
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Brett Alan Landrum

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Kathrine Mary Dornan

Independent auditor's report

To the Shareholders of Phillips-Medisize Holdings A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Phillips-Medisize Holdings A/S for the financial year 1 January to 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group the Parent Company, as well as consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared under 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 of the Group and the Parent Company at 31 December 2023, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for conclusion

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 Company Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 parent company financial statements.

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

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

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

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

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group´s and the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

Independent auditor's report

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 3 July 2024

Grant Thornton
State Authorised Public Accountants
Company reg. no. 34 20 99 36

Martin Bomholtz
State Authorised Public Accountant
mne34117

Company information

The company	Phillips-Medisize Holdings A/S Gimsinglundvej 20 7600 Struer	
	Company reg. no.	37 70 54 97
	Established:	23 May 2016
	Domicile:	
	Financial year:	1 January - 31 December
Board of directors	David William Cole Brett Alan Landrum Kathrine Mary Dornan	
Managing Director	Brett Alan Landrum	
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	
Parent company	Molex Connectors LLC Delaware, USA	
Subsidiary	Phillips-Medisize A/S, Struer	

Consolidated financial highlights

DKK in millions.	2023	2022
Income statement:		
Revenue	497	391
Profit from operating activities	98	48
Net financials	-13	-19
Net profit or loss for the year	59	15
Statement of financial position:		
Balance sheet total	446	414
Equity	54	-5
Cash flows:		
Operating activities	92	30
Investing activities	-5	-9
Total cash flows	87	20
Employees:		
Average number of full-time employees	233	227
Key figures in %:		
Profit margin (EBIT-margin)	19,7	12,3
Acid test ratio	179,3	153,6
Solvency ratio	12,1	-1,2

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

Pursuant to §128 subsection 4 of the Annual Accounts Act, comparative figures can be omitted for the previous 2-4 years.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Profit margin (EBIT margin)

$$\frac{\text{Operating profit or loss (EBIT) x 100}}{\text{Revenue}}$$

Acid test ratio

$$\frac{\text{Current assets x 100}}{\text{Short term liabilities other than provisions}}$$

Solvency ratio

$$\frac{\text{Equity less non-controlling interests, closing balance x 100}}{\text{Total assets, closing balance}}$$

Management´s review

Description of key activities of the company

The object of the parent company is holding activities and investment in Phillips-Medisize A/S and Phillips-Medisize Ltd..

Philips-Medisize A/S develops and produces innovative drug delivery devices and connected health services. The Company is contracted, either within the company itself, or within the greater Phillips-Medisize to develop and produce these products on behalf of global customers or aim at transferring manufacturing of these prod-ucts to other Phillips-Medisize entities elsewhere on the globe. The Company's business therefore consists of an innovation business (strategy, feasibility, and development projects) and a production business. The prod-ucts developed and produced and characterized by being highly innovative in respect to design, user-friendliness, functionality, and safety.

The principal activities of Phillips-Medisize Ltd. are marketing undertakings, global innovation, and develop-ment of medical and pharmaceutical devices.

Development in activities and financial matters

In the period 1 January – 31 December 2023, the Group's revenue amounted to DKK 497.2 million compared with 391.0 million in previous year, an increase of DKK 106.2 million, or 27%.
This increase is both a result of continued efforts on larger programs running for several years, as well as new won business and continued production. With the current global financial challenges in mind, the development in revenue is satisfactory.

Phillips-Medisize have previously invested heavily into integrating into Molex/Philips-Medisize ERP systems, including both SAP and SAP Project systems. While the transition has taken some time, and required compa-ny wide adaptation, the systems are now well integrated within the organization.
The company have invested further into a project with a large customer, and has a consequence of this, start-ed new facilities in Struer with a further expansion of the site, expected to be fully operational in June of 2023, costing around 8.5M DKK, with an area size of 430 square meters.
Overall, 2023 ended with a profit after taxes of 58.9 M DKK, which compared to the 14.9 M DKK in 2022 is highly satisfactory, being an increase of 295%. Result realised in 2023 is within Managements' expectation for the year.

The Group will continue to develop and execute the focused strategy within drug delivery devices and con-nected health and will long-term expect growth both in the projects and production business as well as expec-tation of transferring successful development projects to production sites elsewhere in the group.

Environmental policy

The Group wants its name to be associated with quality. We want our customers to contract our services based on confidence in us in respect of us making intelligent decisions on their behalf – also in respect of environmental issues.

Any human behaviour has an impact on the surroundings. The Group is constantly working on reducing the environmental impact and creating balance between this impact and the consideration for the performance characteristics of our product, finances, lifetime, and aesthetics. We wish to contribute to a globally sustainable development and consider our activities in a lifecycle perspective. The Group is thus considering environmental efforts and seeks to minimize the negative effects:

• Throughout the development (idea, design, and engineering)
• When selecting raw materials
• During manufacturing – and when optimizing procedures.
• Concerning Transport
• During use and disposal of our solutions

We always enter into dialogue with the supervising authorities to find the best solutions and in this way limit the pollution as far as possible.

We emphasize the considering for the immediate environment and for a safe and healthy working environment for our employees. Our focus is on improving both the physical and mental working environment.

When choosing suppliers, we ensure that these have an appropriate environmental behaviour and approach. We wish to have an ongoing dialogue with any supplier on creating good environmental conditions in the part of the lifecycle of the product for which we are responsible.

Sustainability of products in the drug delivery device space becomes more and more important to our clients, one of the key parameters for a product platform is sustainability, minimizing the disposable part, which is typical needed for drug integrity and patient safety. By changing from a pure disposable and one time use device, which is the competitive position, to a device consisting of a reusable and disposable part, we are able to deliver a much more environmentally friendly device solution to certain drug types.

It is the Groups' opinion that the policies in 2023 have contributed to ensuring that the Group fully complies with its environmental responsibility, which is also expected to be the case in future.

Management´s review

Quality management

The sudsidiary Phillips-Medisize A/S' quality management system, which is certified according to the EN ISO 13485:2016 standard and the MDSAP program supports the Company's design, development, and manufacture of medical devices for drug dosage and administration of drugs and connected digital health solutions. Further the quality management system is in accordance with the national implementation of the EU Medical Device Regulation (2017/745),and moreover contains elements which ensure compliance with the requirements of U.S. FDA's 21 CFR 820 Quality System Regulation, Japan Quality Management System Compliance MHLW Ordinance No. 169, Canadian Medical Device Regulation (SOR/98-282), Brazil Medical Device Regulation (GMP:RDC ANVISA 665/2022 and MDR: RDC ANVISA 40/2015) and finally the Australian Medical Device Regulation (TG(MD)R 2002).

Intellectual capital resources

The Group's present and future business is based on the development and manufacture of highly innovative medical devices and services. This foundation has been further developed being owned by Phillips-Medisize/Molex.

The Group focuses on maintaining and developing the competences, which are the core of the Company's innovation capacity. In practice, this means that the Group is constantly exploring new opportunities.

Research and development activities

A Phillips-Medisize corporate initiative to invest further in developing technology accelerators and IP positions to include product platform, have continued to be one of the key areas in the year – going forward, the project portfolio is expected to include a) Platform development projects, b) variant development projects based on platforms and c) bespoke development projects.

Innovative environment

The Group has for many years given high priority to innovation. Innovation is based on the Group's vision and is incorporated in the corporate culture and the Group's values and reinforced in the management philosophy of the owner.
The Group has well-founded corporate culture. This means that the employees have natural passion for innovation and are dedicated to creating "the world's most effective and unique drug delivery devices and connect-ed health solutions".

Cooperation with universities

Cooperation with knowledge center, including universities, is a natural part of our work and an important factor in the further development of our core competences. The subsidiary Phillips-Medisize A/S has a long tradition of this and cooperates with leading universities. The development engineers participate in for instance relevant profes-sional networks and conferences.

Management´s review

Cooperation with suppliers

The Group cooperates with some of the world's best suppliers, in a number of areas in which the Group does not itself have the necessary knowledge and competence. This also includes supplies originating within the greater Molex company. Not only do these partners provide components to Phillips-Medisize A/S, but they also provide knowledge and competence for the development of this products. Furthermore, Phillips-Medisize A/S benefits form having very competent customers – typically the large pharmaceutical companies – which have considerable knowledge resources which are also of benefit to Phillips-Medisize A/S through cooperation in joint development projects.

Corporate social responsibility and environment

The Group is aware of its corporate social responsibility, which is expressed partly in the Group's actions towards its own employees, and partly in its actions towards other stakeholders. The Group's policies in the area are integrated part of the Group's staff policy, Quality Management Sys-tem and other systems and, among other things, address harassment, discrimination and mobbing in the workplace as well as unethical business behaviour, bribery, corruption, etc. the subsidiary Phillips-Medisize A/S had also communicated a whistle-blower policy to ensure that any inexpediency is identified and brought to an end.

Our customers, partners and owners regularly evaluate the Group's status toward corporate social responsibility.

The Group's environmental policy, contributes to ensuring that the Group meets its social responsibility.

Expected developments

The Group's financial development is as always dependent on the expected orders and their timing. Sales of contracted innovation projects and corporate funded platform projects, as well as manufacturing activities both in Clincal builds and regular manufacturing are though expected to maintain at somewhat same levels in 2024 from 2023. The planned revenue for 2024 is approximately DKK 383 million. The Group has very good strategic fit with Phillips-Medisize/Molex and will therefore reinforce the long-term growth from previous year both in Denmark in the headquartering Struer and the office in Virum, as well as via the Cambridge in the United Kingdom. Cost remains to have high focus. The mix of projects and manufacturing as well as continued integration activities will have an impact on the operating result in 2024. The expected net income for 2024 is approximately DKK 29.7 million.

Events occurring after the end of the financial year

Besides the subsidiary have made a proposal to payout a dividend of 140 M DKK to reestablish the equity in the parent company, no events have occurred which significantly affect the assessment of the Annual Report.

Income statement 1 January - 31 December

DKK thousand.

Note		Group 2023	Group 2022	Parent 2023	Parent 2022
	Revenue	497.212	391.040	0	0
	Production costs	-310.802	-286.486	0	0
	Gross profit	**186.410**	**104.554**	**0**	**0**
	Distribution costs	-8.010	-6.572	0	0
	Administration expenses	-80.625	-50.379	-197	-42
	Operating profit	**97.775**	**47.603**	**-197**	**-42**
	Other financial income	11.294	3.603	5.893	0
2	Other financial costs	-24.422	-22.625	-15.789	-19.499
	Financing, net	-13.128	-19.022	-9.896	-19.499
	Pre-tax net profit or loss	**84.647**	**28.581**	**-10.093**	**-19.541**
	Tax on ordinary results	-25.707	-13.600	1.264	1.527
3	**Net profit or loss for the year**	**58.940**	**14.981**	**-8.829**	**-18.014**
	Break-down of the consolidated profit or loss:				
	Shareholders in Phillips-Medisize Holdings A/S	58.940	14.981		
		58.940	**14.981**		

Balance sheet at 31 December

DKK thousand.

Assets

Note		Group 2023	Group 2022	Parent 2023	Parent 2022
	Non-current assets				
4	Acquired concessions, patents, licenses, trademarks, and similar rights	927	1.371	0	0
5	Goodwill	39.512	55.862	0	0
	Total intangible assets	40.439	57.233	0	0
6	Land and buildings	28.937	28.980	0	0
7	Plant and machinery	15.627	14.789	0	0
8	Right-of-use assets	973	2.016	0	0
	Total property, plant, and equipment	45.537	45.785	0	0
9	Investments in group enterprises	0	0	184.620	184.620
10	Other receivables	236	589	0	0
	Total investments	236	589	184.620	184.620
	Total non-current assets	**86.212**	**103.607**	**184.620**	**184.620**
	Current assets				
	Raw materials and consumables	22.189	14.184	0	0
	Work in progress	395	2.955	0	0
	Manufactured goods and trade goods	11.346	13.561	0	0
11	Total inventories	33.930	30.700	0	0
	Trade debtors	0	993	0	0
12	Contract work in progress	5.975	9.028	0	0
	Receivables from group enterprises	82.523	111.459	25.847	29.313
13	Deferred tax assets	0	299	0	299
	Receivable corporate tax	0	0	7.832	0
	Other debtors	1.989	1.642	0	0
14	Prepayments	1.802	2.098	0	0
	Total receivables	92.289	125.519	33.679	29.612

Balance sheet at 31 December

DKK thousand.

Assets

Note		Group 2023	Group 2022	Parent 2023	Parent 2022
	Cash and cash equivalents	233.818	154.505	0	0
	Total current assets	**360.037**	**310.724**	**33.679**	**29.612**
	Total assets	**446.249**	**414.331**	**218.299**	**214.232**

Balance sheet at 31 December

DKK thousand.

Note	Equity and liabilities	Group 2023	Group 2022	Parent 2023	Parent 2022
	Equity				
15	Contributed capital	500	500	500	500
16	Retained earnings	53.507	-5.613	-51.518	-42.689
	Equity before non-controlling interest.	54.007	-5.113	-51.018	-42.189
	Total equity	**54.007**	**-5.113**	**-51.018**	**-42.189**
	Provisions				
17	Provisions for deferred tax	1.459	453	878	0
18	Other provisions	732	709	0	0
	Total provisions	**2.191**	**1.162**	**878**	**0**
	Liabilities other than provisions				
19	Lease liabilities	102	921	0	0
20	Payables to group enterprises	189.144	215.079	189.344	215.078
	Total long term liabilities other than provisions	189.246	216.000	189.344	215.078

Balance sheet at 31 December

DKK thousand.

Equity and liabilities

Note		Group 2023	Group 2022	Parent 2023	Parent 2022
	Current portion of long term liabilities	871	1.095	0	0
	Bank debts	57.610	64.980	57.610	16.311
12	Contract work in progress	48.461	64.339	0	0
	Trade creditors	6.706	5.008	158	50
	Payables to group enterprises	0	0	21.327	121
	Debt to associated enterprises	29.993	10.638	0	0
	Income tax payable	18.711	39.689	0	24.861
	Other debts	16.192	16.219	0	0
	Provisions	22.261	314	0	0
	Total short term liabilities other than provisions	200.805	202.282	79.095	41.343
	Total liabilities other than provisions	**390.051**	**418.282**	**268.439**	**256.421**
	Total equity and liabilities	**446.249**	**414.331**	**218.299**	**214.232**

1 Employee information

21 Contingencies

Consolidated statement of changes in equity

DKK thousand.

	Contributed capital	Retained earnings
Equity 1 2023	500	-5.613
Profit or loss for the year brought forward	0	58.940
Adjustment to equity	0	180
	500	**53.507**

Statement of changes in equity of the parent

DKK thousand.

	Contributed capital	Retained earnings
Equity 1 January 2023	500	-42.689
Profit or loss for the year brought forward	0	-8.829
	500	**-51.518**

Statement of cash flows 1 January - 31 December

DKK thousand.

Note		Group 2023	2022
	Net profit or loss for the year	58.940	14.981
22	Adjustments	37.395	50.925
23	Change in working capital	8.911	-17.305
	Cash flows from operating activities before net financials	105.246	48.601
	Interest received, etc.	11.294	3.603
	Interest paid, etc.	-24.422	-22.625
	Cash flows from ordinary activities	92.118	29.579
	Cash flows from operating activities	**92.118**	**29.579**
	Purchase of intangible assets	-321	-295
	Purchase of property, plant, and equipment	-5.467	-9.020
	Purchase of fixed asset investments	353	64
	Cash flows from investment activities	**-5.435**	**-9.251**
	Change in cash and cash equivalents	**86.683**	**20.328**
	Cash and cash equivalents at 1 January 2023	89.525	69.197
	Cash and cash equivalents at 31 December 2023	**176.208**	**89.525**
	Cash and cash equivalents		
	Cash and cash equivalents	176.208	89.525
	Cash and cash equivalents at 31 December 2023	**176.208**	**89.525**

Notes

DKK thousand.

		Group		Parent	
		2023	2022	2023	2022
1.	**Employee information**				
	Salaries and wages	173.657	162.829	0	0
	Pension costs	16.319	15.752	0	0
	Other costs for social security	2.749	7.433	0	0
		192.725	**186.014**	**0**	**0**
	Executive board and board of directors	2.698	2.625	0	0
	Average number of employees	233	227	0	0

		Parent	
		2023	2022
2.	**Other financial costs**		
	Financial costs, group enterprises	15.391	19.275
	Other financial costs	398	224
		15.789	**19.499**

		Parent	
		2023	2022
3.	**Proposed distribution of net profit**		
	Allocated from retained earnings	-8.829	-18.016
	Total allocations and transfers	**-8.829**	**-18.016**

Notes

DKK thousand.

		Group	
		31/12 2023	31/12 2022
4.	**Acquired concessions, patents, licenses, trademarks, and similar rights**		
	Cost 1 January 2023	22.282	21.847
	Adjustment due to change of accounting policies	321	295
	Transfers	586	140
	Cost 31 December 2023	**23.189**	**22.282**
	Amortisation and write-down 1 January 2023	-20.911	-19.200
	Amortisation for the year	-1.351	-1.711
	Amortisation and write-down 31 December 2023	**-22.262**	**-20.911**
	Carrying amount, 31 December 2023	**927**	**1.371**

		Group	
		31/12 2023	31/12 2022
5.	**Goodwill**		
	Cost 1 January 2023	163.500	163.500
	Cost 31 December 2023	**163.500**	**163.500**
	Amortisation and write-down 1 January 2023	-107.638	-91.288
	Amortisation/impairment loss of additions concerning company transfer	-16.350	-16.350
	Amortisation and write-down 31 December 2023	**-123.988**	**-107.638**
	Carrying amount, 31 December 2023	**39.512**	**55.862**

Notes

DKK thousand.

		Group	
		31/12 2023	31/12 2022
6.	**Land and buildings**		
	Cost 1 January 2023	31.504	31.504
	Additions during the year	777	0
	Transfers	370	0
	Cost 31 December 2023	**32.651**	**31.504**
	Depreciation and write-down 1 January 2023	-2.524	-1.344
	Depreciation for the year	-1.190	-1.180
	Depreciation and write-down 31 December 2023	**-3.714**	**-2.524**
	Carrying amount, 31 December 2023	**28.937**	**28.980**

		Group	
		31/12 2023	31/12 2022
7.	**Plant and machinery**		
	Cost 1 January 2023	37.018	28.138
	Additions during the year	4.690	9.020
	Disposals during the year	-54	0
	Transfers	-956	-140
	Cost 31 December 2023	**40.698**	**37.018**
	Depreciation and write-down 1 January 2023	-22.229	-19.330
	Depreciation for the year	-2.896	-2.899
	Reversal of depreciation, amortisation and writedown, assets disposed of	54	0
	Depreciation and write-down 31 December 2023	**-25.071**	**-22.229**
	Carrying amount, 31 December 2023	**15.627**	**14.789**

Notes

DKK thousand.

		Group	
		31/12 2023	31/12 2022
8.	**Right-of-use assets**		
	Cost 1 January 2023	5.093	5.093
	Cost 31 December 2023	**5.093**	**5.093**
	Depreciation and write-down 1 January 2023	-3.077	-2.034
	Amortisation and depreciation for the year	-1.043	-1.043
	Depreciation and write-down 31 December 2023	**-4.120**	**-3.077**
	Carrying amount, 31 December 2023	**973**	**2.016**

		Parent	
		31/12 2023	31/12 2022
9.	**Investments in group enterprises**		
	Acquisition sum, opening balance 1 January 2023	184.620	184.620
	Carrying amount, 31 December 2023	**184.620**	**184.620**

Financial highlights for the enterprises according to the latest approved annual reports

DKK in thousands	**Equity interest**	**Equity**	**Results for the year**	**Carrying amount, Phillips-Medisize Holdings A/S**
Phillips-Medisize A/S, Struer	100 %	241.391	83.423	184.620
		241.391	**83.423**	**184.620**

		Group	
		31/12 2023	31/12 2022
10.	**Other receivables**		
	Deposits	236	589
		236	**589**

Notes

DKK thousand.

		Group	
		31/12 2023	31/12 2022
11.	**Total inventories**		
	Capitalised interest expenses recognised under inventories represent:		
	Raw materials and consumables	22.189	14.184
	Work in progress	395	2.955
	Manufactured goods and trade goods	11.346	13.561
		33.930	**30.700**

The carrying amount of inventories carried at fair value less costs to sell amounts to DKKt 0 (2022: DKKt 0). As per 31/12/2023 the net realisable value of the inventory is not lower than the cost amount. As per 31/12/2022 the net realisable value of the inventory is not lower than the cost amount.

		Group	
		31/12 2023	31/12 2022
12.	**Contract work in progress**		
	Sales value of the production of the period	163.080	510.555
	Progress billings	-205.566	-565.866
	Contract work in progress, net	**-42.486**	**-55.311**
	The following is recognised:		
	Work in progress for the account of others (Current assets)	5.975	9.028
	Work in progress for the account of others (Short-term liabilities)	-48.461	-64.339
		-42.486	**-55.311**

		Group		Parent	
		31/12 2023	31/12 2022	31/12 2023	31/12 2022
13.	**Deferred tax assets**				
	Deferred tax assets 1 January 2023	299	299	299	299
	Deferred tax of the results for the year	-299	0	-299	0
		0	**299**	**0**	**299**

Notes

DKK thousand.

		Group	
		31/12 2023	31/12 2022
14.	**Prepayments**		
	Prepaid software licenses	1.802	2.098
		1.802	**2.098**

		Group		Parent	
		31/12 2023	31/12 2022	31/12 2023	31/12 2022
15.	**Contributed capital**				
	Contributed capital 1 January 2023	500	500	500	500
		500	**500**	**500**	**500**

The share capital consists of 500,000 shares of DKK 1. No shares have special rights.

		Group		Parent	
		31/12 2023	31/12 2022	31/12 2023	31/12 2022
16.	**Retained earnings**				
	Retained earnings 1 January 2023	-5.613	-20.594	-42.689	-24.675
	Profit or loss for the year brought forward	58.940	14.981	-8.829	-18.014
	Adjustment	180	0	0	0
		53.507	**-5.613**	**-51.518**	**-42.689**

		Group		Parent	
		31/12 2023	31/12 2022	31/12 2023	31/12 2022
17.	**Provisions for deferred tax**				
	Provisions for deferred tax 1 January 2023	453	0	0	0
	Deferred tax of the results for the year	1.006	453	878	0
		1.459	**453**	**878**	**0**

Notes

DKK thousand.

	Group		Parent	
	31/12 2023	31/12 2022	31/12 2023	31/12 2022
18. Other provisions				
Other provisions 1 January 2023	709	868	0	0
Change of the year in other provisions	23	-159	0	0
	732	**709**	**0**	**0**

	Group	
	31/12 2023	31/12 2022
19. Lease liabilities		
Total lease liabilities	973	2.016
Share of amount due within 1 year	-871	-1.095
	102	**921**
Share of liabilities due after 5 years	0	0

	Group		Parent	
	31/12 2023	31/12 2022	31/12 2023	31/12 2022
20. Payables to group enterprises				
Total payables to group enterprises	**189.144**	**215.079**	**189.344**	**215.078**
Share of liabilities due after 5 years	0	0	0	0

21. Contingencies

Contingent liabilities

Contract obligations

The Group has entered into contract obligations of DKKt 1,867 with termination no later than 2024.

Notes

DKK thousand.

21. Contingencies (continued)

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the company's liabilities.

	Group 2023	Group 2022
22. Adjustments		
Impairment of current assets	21.733	22.140
Change in provisions	21.970	-110
Other financial income	-11.294	-3.603
Other financial costs	24.422	22.625
Tax on ordinary results	-19.671	12.865
Other adjustments	235	-2.992
	37.395	**50.925**

	Group 2023	Group 2022
23. Change in working capital		
Change in inventories	32.931	-36.875
Change in receivables	-3.230	-7.763
Change in trade payables and other payables	-20.790	27.333
	8.911	**-17.305**

Accounting policies

The annual report for Phillips-Medisize Holdings A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

The consolidated financial statements

The consolidated income statements comprise the parent company Phillips-Medisize Holdings A/S and those group enterprises of which Phillips-Medisize Holdings A/S directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

Consolidation policies

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in group enterprises are eliminated by the proportionate share of the group enterprises' fair value of net assets and liabilities at the acquisition date.

In the consolidated financial statements, the accounting records of the group enterprises are recognised by 100%. The minority interests' share of the profit for the year and of the equity in the group enterprises, which are not 100% owned, is included in the group's profit and equity, but presented separately.

Purchases and sales of minority interests under continuing control are recognised directly in equity as a transaction between shareholders.

Investments in associates are measured in the statement of financial position at the proportionate share of the enterprises' equity value i calculated in accordance with the parent company's accounting policies and with proportionate elimination of unrealised intercompany gains and losses. In the income statement, the proportional share of the associates' results is recognised after elimination of the proportional share of intercompany gains and losses.

The group activities in joint operations are recognised in the consolidated financial statements record by record.

Non-controlling interests

Non-controlling interests constitute a share of the group's total equity. By distribution of net profit, profit or loss for the year is distributed on the share attributable to the non-controlling interests and the share attributable to the parent's shareholders respectively.

Accounting policies

Income statement

Revenue

The Group develops and produces innovative drug delivery devices and connected services. The Group is contracted to develop and produce these products on behalf of customers. The Group's business therefore consists of an innovation business (strategy, feasibility and development projects) and a production business. The products developed and produced are characterized by being develop in an interdependent relationship with the customer and highly customised in respect to design and functionality etc.

Revenue is recognised either at a point in time or over time, when or as the company satisfies performance obligations by transferring the promised services or goods to its customers. Revenue from contracts to develop devices with a high degree of customisation are recognised over time based on the stage of completion of the individual contracts and comprises both services/hours and goods.

The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract. Where the profit from a contract cannot be estimated reliably, revenue is only recognised equalling the cost incurred to the extent that it is probable that the costs will be recovered.

Revenue from sale of goods outside development projects is recognised in the income statement at a point in time, when transfer of risk has been made to the purchaser, and provided that payment is expected received and revenue can be stated reliably.

Revenue concerning licences and income from royalties are recognised when the Group has acquired the final right to the license or the royalty income.

Production costs

Production costs comprise salaries and cost of sales as well as indirect costs, including salaries and amorti-sation, depreciation and impairment losses, paid to achieve revenue for the year.

Development costs

Development costs include the development costs not meeting the criteria for capitalisation. Furthermore, salaries, amortisation, depreciation and impairment losses on capitalised development projects are recog-nised.

Distribution costs

Distribution and marketing expenses comprise expenses relating to sale and distribution of the Group's prod-ucts, including salaries to sales staff, advertising and exhibition expenses.

Administration costs

Administration costs comprise costs incurred during the year concerning management and administration, including costs concerning administrative staff, the executive board, office premises, stationery and office supplies, and depreciations.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in subsidiariesinvestments in sudsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Dividend from investments in subsidiaries is recognised in the financial year in which the dividend is declared.

If the dividend received exceeds the proportionate share of the year's result, this is considered an indication of impairment, which entails a requirement to prepare an impairment test.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The parent and the Danish group enterprises are subject to Danish rules on compulsory joint taxation of Danish group enterprises. The parent acts as an administration company in relation to the joint taxation. This means that the total Danish income tax payable by the Danish group companies is paid to the tax authorities by the company.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Acquired rigths

Acquired rights comprise software and related consultancy hours. These are measured at cost less accumu-lated amortisation.

Acquired rights are amortised on a straight-line basis over 3 years.

Accounting policies

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 10 years.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Buildings	25 years
Plant and machinery	3-6 years
Other fixtures and fittings, tools and equipment	3-10 years

Leasehold improvements are depreciated on a straight-line basis over the term of the leases

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Accounting policies

Leases

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the group holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value of the asset being leased or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The group's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Investments in subsidiaries

Investments in subsidiaries aremeasured at cost. If the recoverable amount is lower than the cost, writedown for impairment is done to match this lower value.

Accounting policies

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Provisions for bad debts are determined on the basis of an individual assessment of each receivable

Contract work in progress

Contract work in progress is measured at the selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses in-curred to date bear to the estimated total contract expenses – perhaps stated per milestone if the contract is divided into milestones and otherwise dictates this. Where it is probable that total contract expenses will ex-ceed total revenues from a contract, the expected loss is recognised as an expense in the income statement and a provision.

Prepayments from customers are recognised under liabilities. Selling costs and expenses incurred in securing contracts are recognised in the income statement as incurred.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Income tax and deferred tax

As administration company, Phillips-Medisize Holdings A/S is liable to the tax authorities for the subsidiaries' corporate income taxes.

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Accounting policies

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Tax receivables from group enterprises" or "Income tax payable to group enterprises"

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Provisions

Provisions include warranty obligations and other provisions. Warranty obligations comprise obligations for improvement of products within the period of warranty. The provisions are recognised and measured based on experience of warranty work and other obligations.
Provisions are discounted if the timing effect is material, which is only the case for provisions for anniversary bonus included in other provisions.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Accounting policies

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the group's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under “Interest income and dividend received”.

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the group's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Martin Bomholtz
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