

Ambu Operations A/S

Baltorpbakken 13, 2750 Ballerup,

CVR no. 41 96 90 24

Annual report 2022/23

Approved at the Company's annual general meeting on 8 February 2024

Chairman:

DocuSigned by:

Henrik Skak Bender

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Company information

Company

Ambu Operations A/S
Baltorpbakken 13
2750 Ballerup

CVR no. 41 96 90 24

Established: 21 December 2020
Financial year: 1 October – 30 September

Home: Ballerup

Executive Board:

Henrik Birk

Board of Directors:

Henrik Skak Bender (chairman)
Daniel Birkholm
Henrik Birk

Audit:

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28
Dirch Passers Allé 36
2000 Frederiksberg

Management's statement

The Board of Directors and the Executive Board have today discussed and approved the annual report of Ambu Operations A/S for the financial year 1 October 2022 to 30 September 2023.

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


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

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

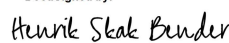
We recommend that the annual report be approved at the annual general meeting.

Ballerup, 8 February 2024

Executive Board:


DocuSigned by:

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Henrik Birk

Board of Directors:

DocuSigned by:

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Henrik Skak Bender
Chairman

DocuSigned by:

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Daniel Birkholm

DocuSigned by:

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Henrik Birk

Independent auditor's report

To the shareholders of Ambu Operations A/S

Opinion

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

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and 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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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 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.

Independent auditor's report

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 8 February 2024

EY

Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Søren Skov Larsen
State Authorised
Public Accountant
mne26797

Henrik Pedersen
State Authorised
Public Accountant
mne35456

Management's review

Principal activities

Ambu Operations A/S is a fully owned subsidiary of Ambu A/S.

The principal activity of the Company is to conduct production and trade within the medico industry both nationally and abroad. The Company can as a shareholder or as a stakeholder within investment, loan and credit, have interest in other companies with same purpose as indicated above.

The manufacturing plant is placed in Mexico, mainly in order to strengthen the production capacity and supply of products in North America. The manufacturing plant was completed in last financial year, where the first products were released. The Company is still ramping up production, which is expected to continue over the next couple of years.

Financial statements 1 October 2022 – 30 September 2023

Income statement

Note	USD	2022/23	2021/22
	Gross Profit	678,535	857,098
	Selling and distribution costs	-139,578	-152,902
	Management and administrative costs	-208,816	-343,654
	Operating Profit	330,141	360,542
3	Financial income	222,136	629,344
	Financial expenses	-55,305	-190,096
	Profit before tax	496,972	799,800
4	Tax for the year	-178,816	-175,956
	Profit for the year	318,156	623,844
	Proposed distribution of result		
	Transferred to equity reserves	318,156	623,844
		318,156	623,844

Financial statements 1 October 2022 – 30 September 2023

Balance sheet

Note	USD	2023	2022
	ASSETS		
	Non-current assets		
	Property, plant and equipment		
	Land and buildings	0	140,199
	Plant and machinery	1,730,685	1,065,833
	Other fixtures and equipment	1,215,957	1,472,934
	Property, plant and equipment under construction	674,826	707,032
	Total Property, plant and equipment	3,621,468	3,385,998
	Deferred tax asset	0	58,305
5	Investment in subsidiary	16,807,767	8,231,252
	Receivables from subsidiaries	1,829,869	4,926,612
	Total non-current assets	22,259,104	16,602,167
	Inventories		
	Raw Materials and consumables	10,489,379	8,533,291
	Finished goods	2,396,193	3,809,743
	Total inventories	12,885,572	12,343,034
	Cash and cash equivalents	455,934	30,145
	Total current assets	13,341,506	12,373,179
	Total assets	35,600,610	28,975,346

Balance sheet

Note	USD	2023	2022
	EQUITY AND LIABILITIES		
	Equity		
6	Share capital	163,600	163,600
	Retained earnings	2,335,361	2,017,205
	Total equity	2,498,961	2,180,805
	Non current liabilities		
	Deferred tax liability	138,876	0
	Total non current liabilities	138,876	0
	Current liabilities		
	Trade payables	1,751,763	2,836,396
	Payable joint tax contribution	110,364	234,261
	Payables to group entities	29,572,816	21,787,330
	Other payables	1,527,830	1,936,554
	Total current liabilities	32,962,773	26,794,541
	Total equity and liabilities	35,600,610	28,975,346

- 1 Accounting policies
- 2 Staff costs
- 6 Share capital
- 7 Contractual obligations and contingencies, etc.
- 8 Related parties

Financial statements 1 October 2022 – 30 September 2023**Statement of changes in equity**

USD	Share capital	Retained earnings	Total
Equity at 1 October 2022	163,600	2,017,205	2,180,805
Proposed distribution of result for the year	0	318,156	318,156
Equity at 30 September 2023	163,600	2,335,361	2,498,961

Financial statements 1 October 2022 – 30 September 2023

Notes

1 Accounting policies

The annual report of Ambu Operations A/S for 2022/23 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The functional currency of the entity is USD as majority of the company's transactions are denominated in USD.

The Annual Report is prepared consistently with the accounting principles applied last year.

Omission of consolidated financial statements

Pursuant to section 112 (1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Ambu Operations A/S and group entities are included in the consolidated financial statements of Ambu A/S, Baltorpbakken 13, 2750 Ballerup. The consolidated financial statements can be obtained from the website of the parent company.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial expenses.

Non-current assets acquired in foreign currency are measured at the exchange rate at the transaction date.

Presentation of income statement

Revenue from sales of services

Revenue from sale of services is recognized in the income statement when all performance obligations have been fulfilled. Revenue is measured at the fair value of the agreed consideration, exclusive of VAT and taxes collected on behalf of a third party. The company has chosen IFRS 15 as interpretation for revenue recognition.

Production costs

Production costs comprise costs, including write-off, incurred to achieve the net revenue for the year. Production costs include direct and indirect costs of raw materials and consumables and depreciation of production plant.

Selling and distribution costs

Selling and distribution costs comprise costs for sales staff, advertising and exhibitions, depreciation, impairment and operation of central warehouses, as well as all costs relating to the transport of goods from the group's factories to the customers.

Management and administrative costs

Administrative expenses include costs incurred during the year regarding management and administration of the Company, inclusive of costs relating to the administrative staff, executives, office premises, office expenses, etc. and related amortisation.

Financial statements 1 October 2022 – 30 September 2023**Notes****Accounting policies (continued)****Other operating income**

Other operating income includes items of a secondary nature in relation to the company's activities, including grants from the parent company.

Financial income and expenses

Financial income and expenses comprise interest, exchange gains and losses and transactions in foreign currencies.

Tax for the year

Tax for the year which consists of current tax for the year including foreign withholding taxes and, changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts recognised directly in equity is recognised directly in equity.

Balance sheet**Property, plant and equipment**

Land and buildings, plant and machinery and other plant, fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the acquisition price and any costs directly attributable to the acquisition until the date when the asset is ready for use. The cost of a total asset is divided into separate elements which are depreciated individually when the useful lives of the individual elements differ.

The basis of depreciation is calculated in consideration of the residual value of the asset and is reduced by impairment losses, if any. The residual value is fixed at the date of acquisition and is subject to annual review. When the residual value exceeds the carrying amount of the asset, depreciation will no longer take place. In connection with changes in the depreciation period or the residual value, the effect of depreciation is recognized in future as a change in the accounting estimate.

The carrying amount of property, plant and equipment is assessed on an annual basis to establish whether there is any indication of impairment. When such indication exists, an impairment test is performed. An impairment loss is recognized when the carrying amount of an asset exceeds the recoverable amount of the asset.

Property, plant and equipment are depreciated according to the straight-line method over the expected useful lives of the assets/components as follows:

Buildings	10-40 years
Building installations	10 years
Plant and machinery	2-10 years
Other fixtures and equipment	3-5 years
Property, plant and equipment in progress is not depreciated	
Land is not depreciated	

Financial statements 1 October 2022 – 30 September 2023**Notes****Accounting policies (continued)****Investments in subsidiary**

Equity investments are measured at cost. Cost includes the consideration measured at fair value plus direct acquisition costs. In case of indication of impairment, an impairment test is conducted. Equity investments are written down to the lower of the carrying amount and the recoverable amount.

Inventories

Inventories are measured at the lower of cost calculated according to the FIFO principle and net realisable value. The net realisable value is calculated as the selling price less costs of completion and costs necessary to make the sale. The cost of goods for resale as well as raw materials and consumables comprises the acquisition price plus delivery costs.

The cost of manufactured goods comprises the cost of raw materials, consumables, direct labour costs and production overheads in the form of logistics and planning costs, production management as well as expenses for production facilities and equipment etc.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down to meet expected losses. The company has chosen IFRS 9 as interpretation for impairment of financial receivables.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances and cash on hand. These are carried in the balance sheet at fair value.

Income tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are measured at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net assets are measured at net realisable values.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in tax rates are recognised in the income statement.

Liabilities

Financial liabilities comprising trade payables are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value

Financial statements 1 October 2022 – 30 September 2023**Notes****2 Staff costs**

The company has no employees

3 Financial Income

Financial income amounts to USD 222,136 (USD 629,344) hereof interests from subsidiaries amounts to USD 195,792 (USD 626,642).

4 Tax for the year

USD	2023	2022
Current tax on profit for the year	53,667	234,261
Deferred tax adjustment for the year	35,262	-52,866
Adjustment current tax, previous years	-177,564	0
Adjustment deferred tax, previous years	161,919	-5,439
Withholding tax	105,532	0
	178,816	175,956

5 Investments in subsidiaries

Investments in subsidiaries includes subordinated loan capital.

6 Share capital

USD	2023	2022
The share capital comprises:		
Class A shares, 100 shares of nom. USD 1,636 (DKK 10,000)	163,600	163,600
	163,600	163,600

7 Contractual obligations and contingencies, etc.**Contingent liabilities**

The Company is jointly taxed with Ambu A/S as administration company. The Company has unlimited joint and several liability for payment of Danish corporation taxes. The jointly taxed entities' total known net liability in respect of corporation taxes payable is reported in the annual report for Ambu A/S. Any subsequent corrections of the income subject to joint taxation may entail that the Company's liability will increase.

8 Related parties

Ambu Operations A/S' related parties comprise the following:

Control

Ambu A/S, Baltorpbakken 13, 2750 Ballerup, which exercises control.

Other related parties with whom the Company has carried out transactions

Ambu Mexico Operations S. A. DE C. V.