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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 2024

The annual report was submitted and approved by the general meeting on the 9 July 2025.

Signed by:
David Cole
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David W. 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 2024.

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 2024, 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 2024.

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, 9 July 2025

Managing Director

Signed by:
Cecilie Rørbye
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Cecilie Rørbye

Board of directors

Signed by: David Cole 5DD4EABF127E47F... David W. Cole	Signed by: Brett Landrum 21CD0F100F5946B... Brett Landrum	Signed by: Sean Rice 0F67B92EB9FE4BA... Sean Rice

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 2024, 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 2024, 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 2024 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 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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, 9 July 2025

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

DocuSigned by:
BB5473706BF34C5...

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 Sean David Rice	
Managing Director	Cecilie Rørbye	
Auditors	Grant Thornton, Godkendt Revisionspartnerselskab Lautrupsgade 11 2100 København Ø	
Parent company	Molex Connectors LLC Delaware, USA	
Subsidiary	Phillips-Medisize A/S, Struer	

Consolidated financial highlights

DKK in thousands.	2024	2023
Income statement:		
Revenue	451.633	497.212
Gross profit	96.344	186.410
Profit from operating activities	6.225	97.775
Net financials	-25.130	-13.127
Net profit or loss for the year	-20.816	58.941
Statement of financial position:		
Balance sheet total	353.925	446.249
Equity	33.619	54.007
Cash flows:		
Operating activities	-75.132	92.118
Investing activities	-6.651	-5.435
Total cash flows	-81.783	86.683
Employees:		
Average number of full-time employees	236	233
Key figures in %:		
Gross margin ratio	21,3	37,5
Profit margin (EBIT-margin)	1,4	19,7
Acid test ratio	287,2	179,5
Solvency ratio	9,5	12,1

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.

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

Gross margin ratio $$\frac{\text{Gross profit x 100}}{\text{Revenue}}$$

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

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

Consolidated financial highlights

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

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 is research and development of innovative drug delivery devices and connected health solutions. The groups core focus lies in driving innovation through strategy, feasibility studies, and cutting-edge development projects that address the evolving needs of its global customers. With an unwavering commitment to groundbreaking design, user-friendliness, functionality, and safety, The group specializes in creating transformative healthcare solutions.
While research and development form the cornerstone of the groups business, production activities are conducted to bring these pioneering concepts to life. In some cases, the manufacturing of developed products is transferred to other Philips-Medisize entities around the globe, ensuring scalability and efficiency. This approach allows the group to maintain its primary focus on delivering innovative, development-driven solutions that shape the future of healthcare.

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

Income or loss from ordinary activities after tax totals DKK 118,3m against DKK -8,8m last year. Management considers the result for the year satisfactory.

The revenue for the group for the year totals DKK 451,6m against DKK 497,2m last year. Income or loss from ordinary activities after tax totals DKK -20,8m against DKK 58,9m last year. The development must be seen in light of the fact that, according to the annual report 2023, the group expected revenues for 2024 in the region of DKK 464.8m and income or loss from ordinary activities after tax of DKK 61.9m. Management considers the result for the year in accordance with the expectation for the year.

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

Expected developments

The groups financial performance remains closely tied to the anticipated order intake and the timing of those orders. While sales from contracted innovation projects and corporate-funded platform projects are expected to decline, this decrease is expected to be offset by growth in product maintenance as premium service, as well as increased activities in clinical builds and regular manufacturing. Consequently, the revenue for 2025 is projected to remain stable at approximately the same level as in 2024, with planned revenue of DKK 434.8 million.

Strategically, the group aligns exceptionally well with Phillips-Medisize/Molex, which is expected to further strengthen long-term growth established in prior years. This growth will be evident both at the headquarters in Struer and the office in Virum in Denmark, as well as through operations in Cambridge, United Kingdom.

Cost management will remain a high priority. The mix of projects, manufacturing activities, and continued integration efforts is anticipated to influence the operating result in 2025. The projected net income for 2025 is approximately DKK 65.9 million.

The groups capital structure

The group has a solid equity and will continue to secure a sound financial structure in combination with the owners.

Intangible key resources

Quality management

Phillips-Medisize quality management system, which is certified according to the EN ISO 13485:2016 standard and the MDSAP program supports the group’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).

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.

Management´s review

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 connected 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. Phillips-Medisize has a long tradition of this and cooperates with leading universities. The development engineers participate in for instance relevant professional networks and conferences.

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, but they also provide knowledge and competence for the development of this products. Furthermore, Phillips-Medisize benefits form having very competent customers – typically the large pharmaceutical companies – which have considerable knowledge resources which are also of benefit to Phillips-Medisize through cooperation in joint development projects.

Financial risks and the use of financial instruments

As a consequence of Phillips-Medisize A/S international activities, the Company's income statement, balance sheet and equity will at any time be influenced, to a higher or lower degree, by a number of financial risks. These risks include:
- Foreign exchange risk
- Interest rate risk
- Liquidity risk
- Credit risk

Phillips-Medisize A/S addresses these risks on a current basis.
Foreign currency risks
The Company's sales are mainly in foreign currencies (EUR, USD). This figure does not reflect the foreign exchange risk, partly because the risk is hedged if net trade takes place in very volatile currencies, and partly because it is part of the Company's purchase policy to match purchase and sales currencies to the highest possible extent.

In 2024, no contracts have been concluded to hedge foreign exchange risks.

Management´s review

Interest rate risks
The Group have interest bearing debt amounting to DKK 220m. as per 31. December 2024 (31/12 2023: DKK 189m.)

Liquidity risks
In 2024, cash flows have been positive.

The Company assesses and controls financial resources on a current basis, thus ensuring that adequate flexible, unutilised borrowing facilities are available at any time from the Company's owners.
Short-term debt to credit institutions amounts to 4% of the balance sheet total compared with 13% at the end of 2023.

Credit risks
The Company's most material, primary financial instruments comprise trade receivables. The amounts at which this balance sheet item is recognised are identical with the maximum credit risk.

The Company sells the products and services to a number of different customers. The Company as-sesses the credit risk relating to these customers to be limited. The individual customers are assessed on a current basis and, if necessary, bank guarantees or accounts receivable insurance is used to secure outstanding accounts.

During the last 3 years, trade receivables have been at an acceptable level, and it is the Company's assessment that no significant credit risk is involved.

Events occurring after the end of the financial year
From the balance sheet date until today, no events have occurred which significantly affect the assessment of the Annual Report.

Management´s review

Corporate social responsibility report pursuant to section 99 a of the Danish Financial Statements Act

Corporate social responsibility and environment

Phillips-Medisize 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. Phillips-Medisize's policies in the area are integrated part of the group's staff policy, Quality Management System and other systems and, among other things, address harassment, discrimination and mobbing in the workplace as well as unethical business behaviour, bribery, corruption, etc. Phillips-Medisize 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 Phillips-Medisize status toward corporate social responsibility.

Phillips-Medisize's environmental policy, contributes to ensuring that the group meets its social responsibility.

Environmental policy

Phillips-Medisize 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. Phillips-Medisize 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 groups's policies in 2024 have contributed to ensuring that Phillips-Medisize fully complies with its environmental responsibility, which is also expected to be the case in future.

Management´s review

Responsible Business Practices and Code of Conduct

At Phillips Medisize, integrity, compliance and responsibility at all levels of the organization are highlighted in our Principle Based Management philosophy and our Code of Conduct . Our management philosophy supports fair and honest competition and open markets, as highlighted in Our Values .
We are committed to full compliance with all applicable laws wherever we operate. This includes laws relating to freedom of association, privacy, the prohibition of forced and child labor, and employment discrimination. We also share our Code of Conduct with nonemployees, contractors, suppliers, partners, vendors, and third-party intermediaries so that they help us achieve our strategic goals by better understanding and acting within the principles that drive our business. We also perform an appropriate level of due diligence and responsible selection and management of our third-party intermediaries as a core tenet of how we do business
Phillips Medisize offers specific, risk-based training on these issues to all of its employees worldwide. The Koch Guideline is manned by an independent, third-party operator 24 hours a day, seven days a week, and can be accessed by any employee. Calls are free and can be made anonymously, where permitted by local law.
All Phillips Medisize employees and leaders – including executives and management – are expected to embrace and demonstrate our company culture, embodied for individuals by Our Values. In addition, all managers are responsible for the actions of their teams in terms of environment, health and safety, and for carrying out their activities in accordance with our culture, as established in our Code of Conduct.

Management´s review

Environmental Stewardship

As a principled organization, Phillips Medisize is committed to global stewardship and compliance, which extends to environmental excellence. This commitment is articulated in our Stewardship framework and vision.
Stewardship is not a new priority for Phillips Medisize and is ingrained in our company culture. It is a fundamental part of our group's management philosophy, Principle Based Management™, and Our Values. At Phillips Medisize, we seek to find bottom-up solutions that advance our vision of Stewardship and our environmental priorities of innovation, energy efficiency, air quality, water, and responsible resource management. To learn more about our specific priorities, please see our Stewardship Framework.

- To view our full Stewardship Framework, visit: https://www.kochind.com/responsibility .

- To learn more about Stewardship at Phillips Medisize, visit: https://www.molex.com/en-us/about/stewardship

- Download our Global Environmental, Health and Safety Policy .

- To view our Stewardship in Action Fact Sheet, see attached.

As part of our change management process, we will continue to assess any potential environmental impacts. We will continue to strive to create more value for our customers while minimizing environmental impact by using fewer resources, reducing water consumption and discharge, minimizing waste, and improving energy efficiency.

Suppliers are expected to comply with all legal requirements as outlined in our Code of Conduct for Suppliers (https://www.suppliers.molex.com/suppliers/english/2156770003.pdf). Additional information on our supply chain expectations can be found at https://www.suppliers.molex.com/supplier/.

Social Stewardship

Phillips-Medisize ("the group") recognizes our employees as the most valuable asset. We empower each individual at every level of the team to bring their unique perspective, expertise and background to shape decisions and impact change, which enables employees to transform the future and improve lives. Our solutions make a real difference in our communities – each employee is a part of that. Therefore, the group is committed to providing a healthy work environment for all employees, as well as, promoting continuous education and self-actualization of our workforce to make sure their competencies stay updated and relevant. Furthermore, Phillips-Medisize encourages an atmosphere of open dialog and offers different types of leave policy.

Business success is not only measured in profits, but also by the group's impact on the communities it serves. At Phillips-Medisize, we recognize the importance of engaging with communities around the world and promoting inclusion, diversity and support for our neighbors. We are committed to addressing the challenges of tomorrow through impactful programs and partnerships. By investing where we operate, we hope to create a positive and prolonged impact for generations to come.

Human Rights

At Phillips-Medisize we recognize our social responsibility towards our employees and other people. We are advocates for the principles of human progress. These include integrity, responsibility, innovation, respect, tolerance, humility, equality before the law, free speech and exchange, and mutual benefit. A free society is one that provides equal opportunity for everyone. Our company's approach is to remove barriers to opportunity by continuing to incorporate these principles into our businesses.

As noted in "Our Commitment to Lawful Labor and Employment Practices" in our Code of Conduct, "We are committed to adhering to applicable employment and labor laws everywhere we operate. This includes observing those laws that pertain to child labor, forced labor, human trafficking, wages and work hours and freedom of association." A copy of our Code of Conduct can be downloaded at: https://codeofconduct.kochinc.com/.

Phillips Medisize offers specific, risk-based training to all of its employees, worldwide covering the topics of inclusion, tolerance, anti-harassment and conducting business with respect to our Stewardship framework and Code of Conduct.

The group is committed to training all workers on these topics and firmly prohibits retaliation against anyone who, in good faith, reports a concern or raises a complaint. In addition, the group prohibits retaliation against anyone who, in good faith, assists or participates in the resolution of a complaint or in any internal or external investigation or proceeding.

Fighting Corruption and Bribery

Our Code of Conduct formalizes the values and principles that must be followed by the people who make up the group in the fulfillment of their labor, commercial and professional relationships. To ensure that all employees are aware of this, a copy of the Code of Conduct is attached to all labor and commercial contracts.

Phillips Medisize employees and other stakeholders must avoid any situation involving a conflict of interest and refrain from intervening or influencing decision-making in which, directly or indirectly, they have a personal interest. Phillips Medisize does not offer or accept bribes, kickbacks or other corrupt payments, regardless of local practice or perceived custom. These rules are included in the Code of Conduct that all employees must follow.

Regarding the relationship with public powers, these will be guided by our Code of Conduct and compliance with the law. Collaboration or membership in political parties, foundations or entities that exceed the group's own will be done on a personal basis, without involving the group.

Failure to comply with the Code of Conduct may entail infractions with penalties provided for in legal and labor regulations. In the event that a Phillips Medisize employee has knowledge or reasonable indications of illegal actions or actions contrary to the Code of Conduct, they must communicate it as indicated in the Code of Conduct. The identity of the complainant will be considered confidential information to the extent consistent with our legal and ethical responsibilities.

Currently, the measures in place in this regard are the control of monthly closings, balance sheets, profit and loss, and accounting audits. There is training that is given through the myLearning platform with a certain periodicity to ensure that employees receive training on the expectations related to anti-corruption policies and procedures.

No complaints or cases related to corruption or bribery have been registered within the subsidiary Phillips Medisize operations in 2024. Neither have there been any potential risks in this matter that may affect the group.

There is training that is given through the myLearning platform with a certain periodicity to minimize the fact that employees carry out fraudulent operations. In addition, this point is referenced in the Code of Conduct, which is mandatory for all employees.

Inclusion and Diversity

Foundational to Our Values is to treat everyone with dignity and respect, encourage and foster networking, and sponsor inclusive activities that focus on shared interests. We celebrate the uniqueness of each individual. Characteristics such as heritage, gender, and many others often inform an individual's experiences and perspectives and can help them create value. We believe that no single characteristic should be used to define another person. Every employee is unique and has the opportunity to be included and find work that aligns with their individual gifts and passions. Thus the group opted not to define goals specific to the percentage of gender-based roles with regards to managerial positions. The group recognizes the benefits of diversity, including gender balance. However, the group feels that gender is only one component of diversity. Management and leadership roles will continue to be selected on the basis of wide-ranging experience, backgrounds, skills, knowledge and insights.

Management´s review

Data Ethics Policy

The group continues to grow and build upon our principle-based approach to all business activities, including Data Ethics. We recognize the increasing importance of accessing, maintaining and exchanging the data in a safe and efficient manner as a fundamental part of modern business. To be able to operate reliably and at the same time in line with legislation on data privacy, the group introduced measures, such as:

- online trainings on data/documentation management, retention and privacy,
- online trainings on IT security, password management, hacking and phishing threats,
- providing IT security solutions to enable secure office and remote work,
- putting extra attention to sensitive data,
- periodical review of user access to platforms and applications within the group.

Phillips-Medisize will continue to develop data-related strategies and solutions to ensure working environment that is safe and reliable for our employees, customers and partners in the coming year.

Income statement 1 January - 31 December

DKK thousand.

		Group		Parent	
Note		2024	2023	2024	2023
1	Revenue	451.633	497.212	0	0
	Production costs	-355.289	-310.802	0	0
	Gross profit	**96.344**	**186.410**	**0**	**0**
	Distribution costs	-10.731	-8.010	0	0
	Administration expenses	-79.388	-80.625	-271	-197
	Operating profit	**6.225**	**97.775**	**-271**	**-197**
	Income from investments in subsidiaries	0	0	140.000	0
4	Other financial income	10.579	12.606	1.626	6.460
5	Other financial expenses	-35.709	-25.733	-29.739	-16.356
	Financing, net	-25.130	-13.127	111.887	-9.896
	Pre-tax net profit or loss	**-18.905**	**84.648**	**111.616**	**-10.093**
	Tax on ordinary results	-1.911	-25.707	6.712	1.264
6	**Net profit or loss for the year**	**-20.816**	**58.941**	**118.328**	**-8.829**
	Break-down of the consolidated profit or loss:				
	Shareholders in Phillips-Medisize Holdings A/S	-20.816	58.941		
		-20.816	**58.941**		

Balance sheet at 31 December

DKK thousand.

Note	Assets	Group 2024	Group 2023	Parent 2024	Parent 2023
	Non-current assets				
7	Acquired concessions, patents, licenses, trademarks, and similar rights	527	927	0	0
8	Goodwill	23.162	39.512	0	0
	Total intangible assets	23.689	40.439	0	0
9	Land and buildings	35.925	28.937	0	0
10	Plant and machinery	10.773	15.627	0	0
11	Right-of-use assets	159	973	0	0
	Total property, plant, and equipment	46.857	45.537	0	0
12	Investments in group enterprises	0	0	184.620	184.620
13	Other receivables	95	236	0	0
	Total investments	95	236	184.620	184.620
	Total non-current assets	**70.641**	**86.212**	**184.620**	**184.620**
	Current assets				
	Raw materials and consumables	18.520	22.189	0	0
	Work in progress	196	395	0	0
	Manufactured goods and trade goods	31.056	11.346	0	0
	Total inventories	49.772	33.930	0	0
15	Contract work in progress	11.376	5.975	0	0
	Receivables from group enterprises	93.444	82.523	55.879	25.847
16	Deferred tax assets	4.759	0	5.208	0
	Receivable corporate tax	8.308	0	8.308	7.832
	Other debtors	4.423	1.989	67	0
17	Prepayments	2.585	1.802	0	0
	Total receivables	124.895	92.289	69.462	33.679

Balance sheet at 31 December

DKK thousand.

	Assets	Group		Parent	
Note		2024	2023	2024	2023
	Cash and cash equivalents	108.617	233.818	33.889	0
	Total current assets	**283.284**	**360.037**	**103.351**	**33.679**
	Total assets	**353.925**	**446.249**	**287.971**	**218.299**

Balance sheet at 31 December

DKK thousand.

Equity and liabilities

Note		Group 2024	Group 2023	Parent 2024	Parent 2023
	Equity				
18	Contributed capital	500	500	500	500
19	Retained earnings	33.119	53.507	66.810	-51.518
	Equity before non-controlling interest.	33.619	54.007	67.310	-51.018
	Total equity	**33.619**	**54.007**	**67.310**	**-51.018**
	Provisions				
20	Provisions for deferred tax	0	1.459	0	878
21	Other provisions	999	967	0	0
	Total provisions	**999**	**2.426**	**0**	**878**
	Liabilities other than provisions				
22	Lease liabilities	159	102	0	0
23	Payables to group enterprises	220.515	189.144	220.285	189.344
	Total long term liabilities other than provisions	220.674	189.246	220.285	189.344

Balance sheet at 31 December

DKK thousand.

Equity and liabilities

Note		Group 2024	Group 2023	Parent 2024	Parent 2023
	Current portion of long term liabilities	0	871	0	0
	Bank debts	14.192	57.610	0	57.610
15	Contract work in progress	21.531	48.461	0	0
	Trade creditors	8.612	6.706	145	158
	Payables to group enterprises	19.835	29.993	231	21.327
	Income tax payable	3.773	18.711	0	0
	Other debts	30.690	38.218	0	0
	Total short term liabilities other than provisions	98.633	200.570	376	79.095
	Total liabilities other than provisions	**319.307**	**389.816**	**220.661**	**268.439**
	Total equity and liabilities	**353.925**	**446.249**	**287.971**	**218.299**

2 Employee information

3 Fees for auditor

24 Contingencies

25 Related parties

Consolidated statement of changes in equity

DKK thousand.

	Contributed capital	Retained earnings
Equity 1 2024	500	53.507
Profit or loss for the year brought forward	0	-20.815
Adjustment to equity	0	427
	500	**33.119**

Statement of changes in equity of the parent

DKK thousand.

	Contributed capital	Retained earnings
Equity 1 January 2024	500	-51.518
Profit or loss for the year brought forward	0	118.328
	500	**66.810**

Statement of cash flows 1 January - 31 December

DKK thousand.

Note		Group 2024	2023
	Net profit or loss for the year	-20.816	58.941
26	Adjustments	35.803	37.394
27	Change in working capital	-88.052	8.911
	Cash flows from operating activities before net financials	-73.065	105.246
	Interest received, etc.	10.579	11.294
	Interest paid, etc.	-4.338	-24.422
	Cash flows from ordinary activities	-66.824	92.118
	Income tax paid	-8.308	0
	Cash flows from operating activities	**-75.132**	**92.118**
	Purchase of intangible assets	0	-321
	Purchase of property, plant, and equipment	-6.792	-5.467
	Purchase of fixed asset investments	141	353
	Cash flows from investment activities	**-6.651**	**-5.435**
	Change in cash and cash equivalents	**-81.783**	**86.683**
	Cash and cash equivalents at 1 January 2024	176.208	89.525
	Cash and cash equivalents at 31 December 2024	**94.425**	**176.208**
	Cash and cash equivalents		
	Cash and cash equivalents	94.425	176.208
	Cash and cash equivalents at 31 December 2024	**94.425**	**176.208**

Notes

DKK thousand.

1. Revenue

Segmental statement

Activities – primary segment:

	Services	Goods	Total
Group	263.937	187.696	451.633

Geographical – secondary segment:

	Scandina via	Rest of Europe	USA	Rest of world	Total
Group	87.421	231.724	127.821	4.667	451.633

	Group 2024	2023
2. Employee information		
Salaries and wages	179.801	173.657
Pension costs	16.825	16.319
Other costs for social security	2.882	2.749
	199.508	**192.725**
Executive board and board of directors	5.014	2.625
Average number of employees	236	233
3. Fees for auditor		
Total fee for Grant Thornton, Certified Public Accountants	610	688
Fee concerning compulsory audit	445	538
Other services	165	150
	610	**688**

Notes

DKK thousand.

	Group 2024	Group 2023	Parent 2024	Parent 2023
4. Other financial income				
Interest income	3.430	785	1.052	0
Exchange differences	7.149	11.821	574	6.460
	10.579	**12.606**	**1.626**	**6.460**
5. Other financial expenses				
Interest, banks	1.199	2.431	785	965
Interest, affiliated enterprises	17.707	15.391	17.707	15.391
Exchange differences	16.803	7.911	11.246	0
	35.709	**25.733**	**29.738**	**16.356**

	Parent 2024	Parent 2023
6. Proposed distribution of net profit		
Transferred to retained earnings	118.328	0
Allocated from retained earnings	0	-8.829
Total allocations and transfers	**118.328**	**-8.829**

Notes

DKK thousand.

		Group	
		31/12 2024	31/12 2023
7.	**Acquired concessions, patents, licenses, trademarks, and similar rights**		
	Cost 1 January 2024	23.189	22.282
	Adjustment due to change of accounting policies	0	321
	Transfers	0	586
	Cost 31 December 2024	**23.189**	**23.189**
	Amortisation and write-down 1 January 2024	-22.262	-20.911
	Amortisation for the year	-400	-1.351
	Amortisation and write-down 31 December 2024	**-22.662**	**-22.262**
	Carrying amount, 31 December 2024	**527**	**927**

		Group	
		31/12 2024	31/12 2023
8.	**Goodwill**		
	Cost 1 January 2024	163.500	163.500
	Cost 31 December 2024	**163.500**	**163.500**
	Amortisation and write-down 1 January 2024	-123.988	-107.638
	Amortisation/impairment loss of additions concerning company transfer	-16.350	-16.350
	Amortisation and write-down 31 December 2024	**-140.338**	**-123.988**
	Carrying amount, 31 December 2024	**23.162**	**39.512**

Notes

DKK thousand.

		Group	
		31/12 2024	31/12 2023
9.	**Land and buildings**		
	Cost 1 January 2024	32.651	31.504
	Additions during the year	638	777
	Transfers	8.055	370
	Cost 31 December 2024	**41.344**	**32.651**
	Depreciation and write-down 1 January 2024	-3.714	-2.524
	Depreciation for the year	-1.705	-1.190
	Depreciation and write-down 31 December 2024	**-5.419**	**-3.714**
	Carrying amount, 31 December 2024	**35.925**	**28.937**

		Group	
		31/12 2024	31/12 2023
10.	**Plant and machinery**		
	Cost 1 January 2024	40.698	37.018
	Additions during the year	6.154	4.690
	Disposals during the year	0	-54
	Transfers	-8.055	-956
	Cost 31 December 2024	**38.797**	**40.698**
	Depreciation and write-down 1 January 2024	-25.071	-22.229
	Depreciation for the year	-2.953	-2.896
	Reversal of depreciation, amortisation and writedown, assets disposed of	0	54
	Depreciation and write-down 31 December 2024	**-28.024**	**-25.071**
	Carrying amount, 31 December 2024	**10.773**	**15.627**

Notes

DKK thousand.

		Group 31/12 2024	Group 31/12 2023
11.	**Right-of-use assets**		
	Cost 1 January 2024	5.093	5.093
	Cost 31 December 2024	**5.093**	**5.093**
	Depreciation and write-down 1 January 2024	-4.120	-3.077
	Amortisation and depreciation for the year	-814	-1.043
	Depreciation and write-down 31 December 2024	**-4.934**	**-4.120**
	Carrying amount, 31 December 2024	**159**	**973**

12.	**Investments in group enterprises**		
	Acquisition sum, opening balance 1 January 2024	184.620	184.620
	Carrying amount, 31 December 2024	**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 %	113.536	12.145	184.620
		113.536	**12.145**	**184.620**

		Group 31/12 2024	Group 31/12 2023
13.	**Other receivables**		
	Deposits	95	236
		95	**236**

Notes

DKK thousand.

		Group 31/12 2024	Group 31/12 2023
14.	**Total inventories**		
	Capitalised interest expenses recognised under inventories represent:		
	Raw materials and consumables	18.520	22.189
	Work in progress	196	395
	Manufactured goods and trade goods	31.056	11.346
		49.772	**33.930**

The carrying amount of inventories carried at fair value less costs to sell amounts to DKKt 0 (2023: DKKt 0). As per 31/12/2024 the net realisable value of the inventory is not lower than the cost amount. As per 31/12/2023 the net realisable value of the inventory is not lower than the cost amount.

		Group 31/12 2024	Group 31/12 2023
15.	**Contract work in progress**		
	Sales value of the production of the period	27.972	163.080
	Progress billings	-38.127	-205.566
	Contract work in progress, net	**-10.155**	**-42.486**
	The following is recognised:		
	Work in progress for the account of others (Current assets)	11.376	5.975
	Work in progress for the account of others (Short-term liabilities)	-21.531	-48.461
		-10.155	**-42.486**

		Group 31/12 2024	Group 31/12 2023	Parent 31/12 2024	Parent 31/12 2023
16.	**Deferred tax assets**				
	Deferred tax assets 1 January 2024	-1.449	299	-878	0
	Deferred tax of the results for the year	6.208	-299	6.086	-878
		4.759	**0**	**5.208**	**-878**

Notes

DKK thousand.

		Group	
		31/12 2024	31/12 2023
17.	**Prepayments**		
	Prepaid software licenses	2.585	1.802
		2.585	**1.802**

		Group		Parent	
		31/12 2024	31/12 2023	31/12 2024	31/12 2023
18.	**Contributed capital**				
	Contributed capital 1 January 2024	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 2024	31/12 2023	31/12 2024	31/12 2023
19.	**Retained earnings**				
	Retained earnings 1 January 2024	53.507	-5.613	-51.518	-42.689
	Profit or loss for the year brought forward	-20.815	58.940	118.328	-8.829
	Adjustment to equity	427	180	0	0
		33.119	**53.507**	**66.810**	**-51.518**

		Group		Parent	
		31/12 2024	31/12 2023	31/12 2024	31/12 2023
20.	**Provisions for deferred tax**				
	Provisions for deferred tax 1 January 2024	0	453	0	0
	Deferred tax of the results for the year	0	1.006	0	878
		0	**1.459**	**0**	**878**

Notes

DKK thousand.

	Group		Parent	
	31/12 2024	31/12 2023	31/12 2024	31/12 2023
21. Other provisions				
Other provisions 1 January 2024	967	944	0	0
Change of the year in other provisions	32	23	0	0
	999	**967**	**0**	**0**

	Group	
	31/12 2024	31/12 2023
22. Lease liabilities		
Total lease liabilities	871	973
Share of amount due within 1 year	-712	-871
	159	**102**
Share of liabilities due after 5 years	0	0

	Group		Parent	
	31/12 2024	31/12 2023	31/12 2024	31/12 2023
23. Payables to group enterprises				
Total payables to group enterprises	**220.515**	**189.144**	**220.285**	**189.344**
Share of liabilities due after 5 years	0	0	0	0

24. Contingencies

Contingent liabilities

Contract obligations

The Group has entered into contract obligations of DKKt 2.156 with termination no later than 2024.

Notes

DKK thousand.

24. 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.

25. Related parties

Controlling interest

Molex Connectors LLC	Majority shareholder

Group Companies included in the consolidation

Philips-Medisize Holdings A/S, DK 7600 Struer

Philips-Medisize A/S, DK 7600 Struer

Philips-Medisize Ltd, UK London

Notes

DKK thousand.

		Group 2024	Group 2023
26.	**Adjustments**		
	Impairment of current assets	22.222	21.733
	Change in provisions	32	21.970
	Other financial income	-10.579	-11.294
	Other financial expenses	35.709	24.422
	Tax on ordinary results	-3.691	-19.671
	Deferred tax	-6.218	0
	Other provisions	-814	0
	Other adjustments	-858	234
		35.803	**37.394**

		Group 2024	Group 2023
27.	**Change in working capital**		
	Change in inventories	-15.842	-3.230
	Change in receivables	-19.539	32.931
	Change in trade payables and other payables	-52.671	-20.790
		-88.052	**8.911**

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 (large 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 is 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

Phillips-Medisize A/S develops and produces innovative drug delivery devices and connected services. The Company is contracted to develop and produce these products on behalf of customers. The Company's busi-ness therefore consists of an innovation business (strategy, feasibility and development projects) and a pro-duction business. The products developed and produced are characterized by being develop in an interde-pendent 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 devel-op 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.

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

Cost of sales

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Results from investments in group enterprisesinvestments 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 group enterprises 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.

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.

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

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

Accounting policies

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

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.

Accounting policies

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.

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.

Investments

Investments in group enterprises

Investments in group enterprises are recognised and measured at cost. If the recoverable amount is lower than the cost price, it shall be written down for impairment to this lower value.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises 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. write-down 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.

Accounting policies

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

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.

To counter expected losses, writedown is done to net realisable value. The enterprise will be applying IFRS 9 as the basis of interpretation for the recognition of impairment of financial assets, meaning that an expected loss must be included at initial recognition of the 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 resources(hours) incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed 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.

The individual work in progress is recognised in the statement of financial position under accounts receivables or liabilities. Net assets consist of the sum of the work in progress, where the selling price of the work performed exceeds invoicing on account. Net liabilities consist of the sum of the work in progress, where invoicing on account exceeds the selling price.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when 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.

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 comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the group has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the group.

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.

Accounting policies

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. Provisions for warranty commitments are measured on basis of the obtained experience with guarantee work. Provisions with an expected due date later than 1 year from the reporting date are discounted at a rate reflecting risk and maturity of the liability.

On the acquisition of entities, provisions for restructuring within the acquired entity are included in the acquisition cost, and thereby in the goodwill or the consolidated goodwill, to the extent that they have been recognised in the financial statements of the acquired entity in advance of the acquisition. Provisions for restructuring are included to the extent that they have been decided at the date of acquisition at the latest and that the process have been commenced.

When it is likely that the total costs will exceed the total income of contract work in progress, the total expected loss on the contract work in progress will be recognised as provisions for liabilities. The provision is recognised under production costs.

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.

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

A cash flow statement for the parent has not been prepared as the cash flows of the enterprise are included in the consolidated cash flow statement, cf. section 86, subsection 4, of the Danish Financial Statements Act.

Accounting policies

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and short-term financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.

Segmental statement

Information on activity and geographical markets is provided. The segmental statement complies with the consolidated accounting policies, risks, and management control systems of the company.

Assets in the segment comprise the assets used directly in the segment's revenue-generating activity.

Segment liabilities comprise liabilities derived from the segment's operations, including accounts payable and other liabilities.