

CONSOLIDATED HALF-YEAR REPORT

1 OCTOBER 2023 - 31 MARCH 2024

THE PURPOSE OF SCANDINAVIAN MEDICAL SOLUTIONS A/S

The Future of Healthcare is For Everyone

SCANDINAVIAN MEDICAL SOLUTIONS AIMS TO MAKE DIAGNOSTIC IMAGING EQUIPMENT MORE ACCESSIBLE GLOBALLY. OUR MISSION IS TO PROVIDE RELIABLE AND COST-EFFECTIVE SCANNERS TO HOSPITALS WORLDWIDE, WHICH WILL HELP IMPROVE PATIENT CARE BY ENABLING ACCURATE DIAGNOSES AND TREATMENTS. WE AIM TO BE THE PREFERRED SUPPLIER OF USED IMAGING EQUIPMENT, SPARE PARTS, AND RENTAL SOLUTIONS OF THE HIGHEST QUALITY AND AT AN ATTRACTIVE PRICE POINT.

OUR TEAM AT SCANDINAVIAN MEDICAL SOLUTIONS IS PASSIONATE ABOUT EMPOWERING HEALTHCARE ORGANIZATIONS TO PROVIDE BETTER DIAGNOSTIC AND TREATMENT OPTIONS TO THEIR PATIENTS. WE WORK TIRELESSLY TO MAKE A MEANINGFUL DIFFERENCE IN THE LIVES OF INDIVIDUALS AND COMMUNITIES WORLDWIDE.

COMPANY INFORMATION

Parent Company

Scandinavian Medical Solutions A/S
Gasvaerksvej 48, 1. 9000 Aalborg
CVR no.: 39901749
Registered office: Aalborg, Denmark
Report for the period: 01.10.2023 – 31.03.2024

Subsidiary

Scandinavian Medical Solutions Inc.

Executive Board

Jens Hvid Paulsen
Jens Krohn
Kamilla Malmbæk

Board of Directors

Mille Tram Lux, Chairman of the board
Anne Kaptain, Deputy Chairman
Morten Rasmussen, Board member
Jakob Have, Board member

Certified Adviser

NCEF A/S
Kongevejen 135, 2840 Holte
CVR no.: 31933048

Financial Calendar

16. May 2024
Half year Financial Report H1 2023/24

20. November 2024
Annual Financial Report 2023/24

9. December 2024
Annual General Meeting (AGM)



SMS

SCANDINAVIAN MEDICAL SOLUTIONS

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GROWING SCANDINAVIAN MEDICAL SOLUTIONS

Scandinavian Medical Solutions offers a broad assortment within diagnostic imaging equipment.

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I am proud to present the financial results for the first half of the financial year. These last six months have been busy and eventful, and I am pleased to see our team performing so well! My long-standing collaboration with Jens Krohn, the founder of Scandinavian Medical Solutions, is undoubtedly a strength.

Together, we have led the company through significant growth. The groundwork has been laid, and I am excited to carry the torch forward, spearheading the expected organizational growth and financial development in the coming years.

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JENS HVID PAULSEN
CEO



MANAGEMENT REVIEW



SCANDINAVIAN MEDICAL SOLUTIONS - NAVIGATING GROWTH WITH CONFIDENCE

The first half of the financial year 2023/24 has marked a strong commitment to progress and success. Reflecting on these last six months, our collective efforts have yielded positive results. This is a financial year for development and substantial investments with a commitment to securing economic growth.

The major accomplishment of the first half of the financial year 2023/24 is that the organization has achieved both growth and earnings while strategically investing in the business. The results we present today not only meet the financial expectations set in the fall of 2023 but also reflect our careful planning and execution.

The management team and board are satisfied with the results for the first half of 2023/24. In the first half year, our sales teams in all three sales departments – including Equipment, Aftersales & Parts, and Rental have been busy securing sales, which is naturally gratifying. The positive momentum continued into April and May when several significant deals were announced. Our team is performing well – they are strong, hardworking, and loyal, and every day, they collectively strive to create the optimal conditions for

future growth for Scandinavian Medical Solutions.

We are committed to ensuring the development of our organization. Our focus is firmly set on the future, which, in our specific context, involves making significant investments in development and infrastructure. We have been working on attracting key personnel who will help elevate the organization in the future. We have also made dedicated efforts to set up the base for our US office. Lastly, we are implementing a new ERP system, a strategic move expected to improve our internal processes and infrastructure, paving the way for our long-term success. This has naturally impacted our EBITDA, but we see it as necessary investments for the company to continue its growth.

As the new CEO of Scandinavian Medical Solutions, I am proud to be carrying the torch forward; our mission and approach to business remain unchanged, as our strategy is at the core of our DNA. We aim to enhance scan capacity worldwide by providing affordable and reliable diagnostic imaging equipment.

Milestones Achieved – Scandinavian Medical Solutions Inc.

In late 2023, it was announced that a US-based subsidiary would be established by Scandinavian Medical Solutions. Since then, several milestones have been achieved in creating Scandinavian Medical Solutions Inc. In January 2024, the founder of Scandinavian Medical Solutions A/S, Jens Krohn moved to the United States to lead the expansion.

In March 2024, progress was announced in expanding operations. A sales office was successfully launched in the United States, and arrangements for local stock-carrying operations in California were finalized. The aim is to improve cost-effectiveness and provide customers with shorter local delivery times. The Danish sales team is still supporting sales activities in the United States as the American subsidiary is still in its early ramp-up phase. The Danish sales team will continue to support and serve North American customers until the American subsidiary is fully established. A newly published industry analysis shows that the North American market dominated in 2023, with the largest revenue share of 47.7%. To put it into perspective, the global market for refurbished and used diagnostic equipment was estimated at USD 4.39 billion in 2023, and it is expected to grow further in the coming years, with an estimated CAGR of 10.4 % from 2024 to 2030.

The management and board consider Scandinavian Medical Solutions Inc. a crucial step towards further growth. The potential for development on a global and regional scale is significant. Hence, Scandinavian Medical Solutions Inc. plans to expand its customer base in the upcoming months by participating heavily in exhibitions and other industry gatherings and initiating other marketing initiatives to extend the knowledge of our American subsidiary.

A Growing Organization and Continued Development

Despite navigating a world undergoing significant upheavals, including rising interest rates and shifting towards on-demand equipment purchasing, Scandinavian Medical Solutions continues to develop its business areas and associated markets. Our workforce is steadily growing, and our employees are taking on expanded responsibilities due to leadership and -organizational restructuring. The organization has been strengthened significantly recently, and new hires have been made, mainly focusing on strengthening our rental business. A Head of Rental with a deep commercial background and understanding has been appointed. Additionally, attention has been directed towards enhancing the operational and technical aspects of the company, ensuring readiness for expected growth in rentals.

The rental department of Scandinavian Medical Solutions was established

in March 2022, and since then, the team has been working hard to build a strong foundation. The financial year of 2022/23 was the first year with revenue from the rental fleet. However, while confident in our solutions, we have had to adapt and think creatively to make progress. Recently, SMS has been dedicated to enhancing its rental business, with particular focus on raising awareness of SMS as a provider of rental solutions, establishing new customer relationships, and increasing rental utilization rates. In addition, we have noticed an increase in rental activity, including short- and long-term lease contracts. The market trends favor operational expenditure investments, which aligns with our approach to the rental company. Our goal is to provide complete flexibility and the ability to lease equipment as needed.

Healthcare systems across Europe, including Germany, are currently undergoing reforms, ultimately putting hospitals and clinics under pressure to optimize their operations and economize. Both private and public healthcare providers are still figuring out potential healthcare policies and approaches. However, the rental model offers adaptability in navigating these challenges despite the inherent risks of significant capital investments exacerbated by political and geopolitical variables. What may seem cost-prohibitive at present can yield greater affordability and a strategic advantage over time. Our commitment goes beyond anticipating immediate needs. We offer our cli-

ents assurance and stability, even amidst the turbulence of evolving healthcare landscapes.

The Importance of Being Stock Carrying

Scandinavian Medical Solutions is a trading company that recognizes the importance of maintaining a broad inventory and demonstrates adaptability and resilience in market fluctuations. It is essential to understand that cash flow and inventory are variable factors. The replacement of systems often needs to be timed with the end customer. In this regard, there are several factors, such as risk transfer, that influence whether a system sale occurs in one quarter or another. Management and Board are satisfied with the level of our current inventory value, which matches the turnover rate and future growth.

We keep our inventory high to ensure an adequate supply of systems for our customers and specific segments. At the same time, we are working to build our parts inventory further so the inventory level is within our budgeted range. The current inventory aligns with the economic growth- and the set guidance for the upcoming year. Nevertheless, our sales and procurement departments work closely to analyze- and optimize inventory turnover times, showcasing our ability to navigate these fluctuations with agility and precision. We've also noticed that our customers are increasingly purchasing on-demand. This shift in consumer behavior highlights the strategic importance of our sales team.

They need a large inventory with various modalities, functionalities, and price ranges to cater to these on-demand requests. We want to ensure that our sales team, as a critical driver of our business, can respond quickly and effectively. Ultimately, a more extensive inventory with a wide selection of systems will help ensure that SMS continues to cater to various needs and requirements. Our skilled purchasers must be diligent in sourcing specific products. The shift towards on-demand purchasing makes screening system availability and future supply essential.

Building a Strong Rental Business

The characteristics of a successful rental business, is one there is highly profitable measured on internal rate of return (IRR). If the actual earnings in the business is higher than the external funding costs, then it is preferable to have the entire rental fleet financed by leasing and/or bank debt and hence. We are pleased to report, that we now have reached a point where our entire rental fleet are financed by leasing- and/or bank debt. Hence, all leasing and bank debt in the balance sheet relates to the rental business. The rental business has now reached break even on net result, even without having obtained full utilization rate, and we expect the business to deliver high IRR going forward.

Outlook: Realistic Guidance for the Financial Year of 2023/24

Scandinavian Medical Solutions are confident to maintain our guidance for the full year. The company anticipates revenue to range between DKK 210 million to DKK 230 million and EBITDA between DKK 20 million to DKK 23 million.

We are confident that, with knowledge and determination, we can successfully navigate the unpredictable future. This confidence is further strengthened as we proudly present the results of the first half of 2023/2024. Our results demonstrate that Scandinavian Medical Solutions and its team can contribute to the organization's future development and growth while ensuring solid financial results.

Our mission and strategy are firmly established, and we are steadily progressing toward achieving our goals. We are currently on our growth journey and will undoubtedly continue to achieve success.

JENS HVID PAULSEN
CEO & Partner

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I would like to express my deep gratitude for the overwhelming support and interest we've received since the inception of Scandinavian Medical Solutions Inc. Our commitment to delivering high-quality systems and parts is bringing us closer to our customers in North and South America. With strategically located warehouse facilities in California and a foreign trade zone in Florida, we can cater to specific customs requirements and provide enhanced value to our American clientele.

Our American subsidiary will be well underway by the end of 2024, ensuring seamless service to our North and South American customers.

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JENS KROHN
CEO US & Founder



FINANCIAL HIGHLIGHTS H1 2023/24

REVENUE

DKK 102,5 MILLION

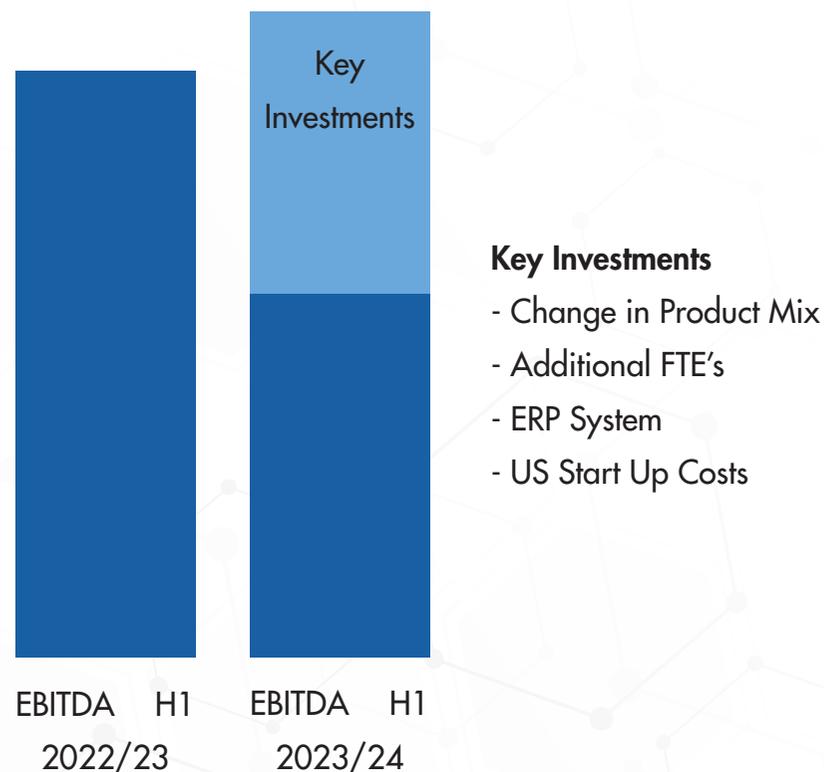


EBITDA

DKK 8,0 MILLION



EBITDA BRIDGE H1 2022/23 - H1 2023/24



STATEMENT BY THE BOARD OF DIRECTORS & EXECUTIVE BOARD

The board of directors has processed and approved the half-year financial report from October 1, 2023, to March 31, 2024, for Scandinavian Medical Solutions Group.

The half-year report has been presented following the Danish Financial Statements Act and additional disclosure requirements for companies listed on the Nasdaq First North Growth Market Denmark.

It is our opinion that the interim report provides an accurate and fair view of the Groups' assets, liabilities, and financial position as of March 31, 2024, as well as the results of the Groups' activities and cash flows for the period October 1, 2023, to March 31, 2024. Furthermore, we believe the management's review contains an accurate and fair account of the matters it addresses.

Aalborg, May 16th 2024

Executive Board

JENS HVID PAULSEN

CEO & Partner

JENS KROHN

CEO US & Founder

KAMILLA MALMBÆK

CLAO

Board of Directors

MILLE TRAM LUX

Chairman

ANNE KAPTAIN

Deputy Chairman

MORTEN RASMUSSEN

Board Member

JAKOB HAVE

Board Member





CONSOLIDATED FINANCIAL STATEMENTS

KEY FIGURES & PERFORMANCE INDICATORS FOR H1 2023/24

DKK	Consolidated H1 2023/24	H1 2022/23	2022/23
Net revenue	102,563	96,240	191,192
Cost of goods sold	76,645	69,284	141,804
Gross margin	25,918	26,956	49,388
Capacity costs	17,868	12,523	28,306
Operating profit before interest, tax, depreciation, and amortization (EBITDA)	8,050	14,433	21,082
Earnings before interest and tax (EBIT)	4,596	12,682	16,627
Earnings before tax (EBT)	3,374	12,169	15,794
Net income	2,632	9,484	12,224
Total assets	164,236	12,884	163,964
Investment in tangible fixed assets	3,339	14,655	40,820
Cash and cash equivalents	6,136	1,704	459
Equity	77,327	71,711	74,451
Weighted average of outstanding shares (in 1.000 units)	27,410	27,285	27,300
Closing number of outstanding shares (in 1.000 units)	27,502	27,317	27,317
Earnings per share (DKK)	0,10	0,35	0,45
EBITDA margin (%)	7.85%	15.00 %	11.03%
Solvency ratio (%)	47.08%	58.84 %	45.41%

Key figures and performance indicators are defined and calculated in accordance with CFA Society Denmark's current version of "Recommendations & key performance indicators".

Earnings per share DKK

Net income / number of shares

EBITDA margin (%)

EBITDA * 100 / Net revenue

Solvency ratio (%)

Equity * 100 / Total assets

Capacity costs

Other external costs + staff costs

PROFIT & LOSS STATEMENT H1 2023/24

iDKK	NOTES	Consolidated H1 2023/24	H1 2022/23	2022/23
Net revenue		102,563	96,240	191,192
Cost of goods sold		-76,645	-69,284	-141,804
Other external costs		-8,495	-5,942	-14,659
Gross profit		17,423	21,014	34,729
Staff costs	1	-9,373	-6,581	-13,647
Depreciation and amortization		-3,454	-1,751	-4,455
Operating profit		4,596	12,682	16,627
Financial income		187	817	144
Financial expenses		-1,409	-1,330	-978
Profit before tax		3,374	12,169	15,793
Tax on profit for the year		-742	-2,685	-3,569
Net profit		2,632	9,484	12,224
Proposed profit appropriation				
Retained earnings		2,632	9,484	12,224
Profit appropriation		2,632	9,484	12,224

BALANCE SHEET H1 2023/24

Assets tDKK	NOTES	Consolidated H1 2023/24	H1 2022/23	2022/23
Operating equipment and fixtures		2,164	411	588
Leasehold improvements		713	995	798
Rental assets		42,074	33,659	46,886
Tangible fixed assets	2	44,951	35,065	48,272
Deposits		616	595	595
Financial assets		616	595	595
Non-current assets		45,567	35,660	48,867
Trading goods		86,639	64,921	83,196
Advance payments for inventory		1,436	4,775	2,730
Inventories		88,075	69,696	85,926
Receivables from sales and services		20,630	14,173	14,969
Deferred tax		235	0	235
Other receivables		2,949	241	5,923
Prepaid expenses		644	410	126
Receivables		24,458	14,824	21,253
Cash and cash equivalents		6,136	1,704	7,918
Total current assets		118,669	86,224	115,097
TOTAL ASSETS		164,236	121,884	163,964

BALANCE SHEET H1 2023/24

Liabilities tDKK	NOTES	Consolidated H1 2023/24	H1 2022/23	2022/23
Share capital		1,100	1,093	1,093
Retained earnings		76,227	70,618	73,358
Equity		77,327	71,711	74,451
Deferred tax provisions		0	960	0
Other provisions		0	641	0
Provisions		0	1,601	0
Lease liabilities		15,877	8,272	17,690
Non-current liabilities other than provisions		15,877	8,272	17,690
Short-term lease liabilities		3,882	1,731	3,454
Debt to financial institutions		21,381	195	7,460
Prepayments from customers		12,702	16,455	16,525
Trade payables		30,174	16,779	33,682
Income tax		381	1,628	3,438
Accrued joint taxation contribution		0	3,166	3,436
Other liabilities		2,512	346	3,828
Current liabilities other than provisions		71,032	40,300	71,823
TOTAL LIABILITIES OTHER THAN PROVISIONS		86,909	50,173	89,513
TOTAL EQUITY AND LIABILITIES		164,236	121,884	163,964
Non-recognized lease and rental liabilities	3			
Contingent liabilities	4			
Pledges and collateral	5			
Related parties	6			

STATEMENT OF CHANGES IN EQUITY **H1 2023/24**

†DKK	Share capital	Retained earnings	In total
Equity primo 1. October 2023	1,093	73,358	74,451
Costs of equity	7	237	244
Profit for the year		2,632	2,632
Equity ultimo 31. March 2024	1,100	76,227	77,327

The Group does not own treasury shares as of 31 march 2024.

CASH FLOW STATEMENT H1 2023/24

DKK	NOTES	Consolidated H1 2023/24	H1 2022/23	2022/23
Operating profit		4,596	12,682	16,627
Depreciations and amortization		3,454	1,751	4,455
Change in net working capital		-14,314	-22,596	-26,384
Cash generated from operations		-6,264	-8,163	-5,302
Financial income received		187	40	144
Financial expenses paid		-1,409	-295	-719
Paid tax		-6,985	-2,489	-2,489
Cash flow from operating activities		-14,471	-10,907	-8,366
Purchase of tangible fixed assets		-3,339	-24,909	-40,820
Sale of tangible fixed assets		3,206	0	1,241
Purchase of financial assets		-21	-287	-287
Cash flow from investing activities		-154	-25,196	-39,866
Free cash flow generated by operations and investments before financing		-14,625	-36,103	-48,232

CASH FLOW STATEMENT H1 2023/24

iDKK	NOTES	Consolidated H1 2023/24	H1 2022/23	2022/23
Capital increase		244	67	67
Costs associated with changes in capital increase		0	-25	-25
Proceeds from new leasing debt		425	10,254	22,735
Repayments leasing debt		-1,810	-252	-1,591
Cash flows from financing activities		-1,141	10,044	21,186
Change in cash and cash equivalents		-15,766	-26,059	-27,046
Cash and cash equivalents beginning of year		458	27,763	27,763
Foreign currency adjustment		63	0	-259
Cash and cash equivalents end of year		-15,245	1,704	458



NOTES & ACCOUNTING POLICIES

NOTES

1. STAFF COSTS

	H1 2023/24 tDKK	H1 2022/23 tDKK	2022/23 tDKK
Wages and salaries	8,055	5,774	11,881
Pension (defined contribution)	1,101	603	1,475
Other costs social security	217	204	291
	9,373	6,581	13,647
Average number of full-time employees	25	18	20

	Warrants granted 2022/23	Warrants granted 2021/22
Outstanding warrants 1 October 2023	356,000	200,000
Granted in the period	-	-
Exercised in the period	118,666	133,333
Expired in the period	-	-
Outstanding warrants per 31/3-2023	237,334	66,667
Strike price	1,5 DKK	1 DKK
Residual exercising period	36 months	37 months

Share options have been granted in accordance with clause 4.6 in the company articles of association. The specifics of the program can be found in appendix 1 to the articles of association.

556,000 warrants, equal to 2% of all shares, have been granted exclusively to the sales organization in two separate grants during the on-boarding process for the sales employees. The warrants will vest in three portions and can be exercised over four years from the beginning of each grant subject to continued employment. Each warrant provides the right to buy one newly issued share at the agreed exercise price. At the end of the half year of financial year 23/24 all vested warrants were exercised. Further grants have not been addressed by the board.

2. TANGIBLE FIXED ASSETS

	Leasehold improvements tDKK	Operating equip- ment and fixtures tDKK	Rental assets tDKK
Cost price beginning of year	788	1,050	51,567
Additions	1,705	0	1,634
Disposals	0	0	-3,870
Cost price end of year	2,493	1,050	49,331
Depreciation beginning of year	201	251	4,682
Depreciation for the year	128	86	3,240
Depreciation on disposals	0	0	-665
Depreciation end of year	329	337	7,257
Carrying amount end of year	2,164	713	42,074
Of which are financed under finance lease			15,027

3. NON-RECOGNIZED LEASE & RENTAL LIABILITIES

The Group has entered into operating leasing agreements with an average annual performance of DKK 327 thousand. The leasing agreements have a remaining term of up to 17 months, with a total residual obligation of DKK 368 thousand.

The Group has entered into rent obligations with an average annual payment of DKK 1.378 thousand. The leases have a remaining minimum lease term of up to 28 months with a total residual liability of DKK 1.090 thousand.

4. CONTINGENT LIABILITIES

The Parent Company was until 21 November 2022 jointly taxed with all Danish-affiliated companies, but is hereafter independently taxed due to changes in the ownership structure.

The Danish entities were jointly and severally liable for tax on the Group's jointly taxed income until end of the joint taxation. The jointly taxed entities' total net liability to SKAT amounted to DKK 0 thousand at 31 March 2024. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail an increase in the entities' liability. The Group as a whole is not liable to any other parties.

5. PLEDGES & COLLATERAL

As security, there is a registered mortgage deed of DKK 1,500 thousand and a floating charge of DKK 14,000 thousand comprising inventories, operating assets, and receivables from sales.

The accounting value of the pledged assets amounts to DKK 133,985 thousand as of 31 March 2024. Rental assets financed under finance lease with a carrying amount of DKK 15,027 are pledged towards the leasing company.

6. RELATED PARTIES

Related parties comprise the Board of Directors, Executive Board, their close family members and companies.

No owners has control.

Through holding-companies Jens Krohn, CEO US & Founder, has a ownership stake of 35.27 % of the company and thereby significant influence.

The Group has chosen to only disclose transactions that have not been carried out under normal market conditions in accordance with section 97 c, subsection of the Annual Accounts Act. 7. No such transactions have taken place.

ACCOUNTING POLICIES

The consolidated half-year report has been prepared in accordance with the Danish Financial Statements Act for class C companies, as well as additional disclosure requirements for companies listed on Nasdaq First North.

The consolidated half-year report is presented in Danish kroner. Furthermore, the consolidated financial statements have been prepared using last year's accounting principles.

For a more detailed description of the accounting policies applied, the Group refers to the description of accounting policies in the Group's annual report for 2022/23, available on the website.

<https://www.scandinavian-medical.com/pages/investors>