

# **KARL STORZ Endoskopi Danmark A/S**

Skovlytoften 33, 2840 Holte

CVR no. 20 28 43 90

## Annual report 2019

Approved at the Company's annual general meeting on 21 April 2020

Chairman:

.....  
Stefan Reinel





## Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	6
Income statement	6
Balance sheet	7
Statement of changes in equity	9
Notes to the financial statements	10



## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of KARL STORZ Endoskopi Danmark A/S for the financial year 1 January - 31 December 2019.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

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

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

Copenhagen, 25 March 2020  
Executive Board:

.....  
Morten Ralbjerg

Board of Directors:

.....  
Dr. h.c. mult. Sybill Renate  
Storz  
Chairman

.....  
Karl-Christian Storz

.....  
Stefan Reinel

## Independent auditor's report

To the shareholder of KARL STORZ Endoskopi Danmark A/S

### Opinion

We have audited the financial statements of KARL STORZ Endoskopi Danmark A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 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 financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

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

### Management's responsibilities for the financial statements

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

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

### Auditor's responsibilities for the audit of the financial statements

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

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

- ▶ Identify and assess the risks of material misstatement of the 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 Company's internal control.

## Independent auditor's report

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 25 March 2020  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Anders Flymer-Dindler  
State Authorised Public Accountant  
mne35423



## **Management's review**

### **Business review**

The Company's main activity is wholesale of equipment for endoscopic surgery and diagnostics. The Company's activities comprise services to private and public hospitals in Denmark, Faroe Islands and Greenland. Marketing of equipment for veterinary endoscopic surgery and diagnostics is also made.

### **Financial review**

The income statement for 2019 shows a profit of DKK 3,045,457 against a profit of DKK 3,080,390 last year, and the balance sheet at 31 December 2019 shows equity of DKK 12,510,769.

### **Events after the balance sheet date**

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK	2019	2018
	<b>Gross profit</b>	16,164,744	16,790,406
2	Staff costs	-11,649,019	-12,172,641
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-136,259	-56,775
	<b>Profit before net financials</b>	4,379,466	4,560,990
	Financial income	8,165	1,177
3	Financial expenses	-408,404	-538,077
	<b>Profit before tax</b>	3,979,227	4,024,090
4	Tax for the year	-933,770	-943,700
	<b>Profit for the year</b>	3,045,457	3,080,390
	<b>Recommended appropriation of profit</b>		
	Retained earnings	3,045,457	3,080,390
		3,045,457	3,080,390

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2019	2018
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
5	<b>Property, plant and equipment</b>		
	Other fixtures and fittings, tools and equipment	488,268	624,527
		<u>488,268</u>	<u>624,527</u>
	<b>Investments</b>		
	Deposits	273,140	265,395
		<u>273,140</u>	<u>265,395</u>
	<b>Total fixed assets</b>	<u>761,408</u>	<u>889,922</u>
	<b>Non-fixed assets</b>		
	<b>Inventories</b>		
	Goods for resale	9,376,371	8,885,689
		<u>9,376,371</u>	<u>8,885,689</u>
	<b>Receivables</b>		
	Trade receivables	14,299,138	9,668,975
	Receivables from group entities	8,998	21,032
	Deferred tax assets	1,307,075	1,483,090
	Other receivables	181,454	221,118
	Prepayments	168,326	165,024
		<u>15,964,991</u>	<u>11,559,239</u>
	<b>Cash</b>	<u>2,978,177</u>	<u>3,021,274</u>
	<b>Total non-fixed assets</b>	<u>28,319,539</u>	<u>23,466,202</u>
	<b>TOTAL ASSETS</b>	<u>29,080,947</u>	<u>24,356,124</u>



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	<u>2019</u>	<u>2018</u>
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
6	Share capital	600,000	600,000
	Retained earnings	11,910,769	8,865,312
	<b>Total equity</b>	<u>12,510,769</u>	<u>9,465,312</u>
	<b>Liabilities other than provisions</b>		
	<b>Current liabilities other than provisions</b>		
	Trade payables	290,535	119,592
	Payables to group entities	10,294,143	9,017,785
	Income taxes payable	454,141	596,389
	Other payables	5,531,359	5,157,046
		<u>16,570,178</u>	<u>14,890,812</u>
	<b>Total liabilities other than provisions</b>	<u>16,570,178</u>	<u>14,890,812</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>29,080,947</u>	<u>24,356,124</u>

- 1 Accounting policies
- 7 Contractual obligations and contingencies, etc.
- 8 Collateral
- 9 Related parties

**Financial statements 1 January - 31 December****Statement of changes in equity**

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2018	600,000	5,784,922	6,384,922
Transfer through appropriation of profit	0	3,080,390	3,080,390
<b>Equity at 1 January 2019</b>	<b>600,000</b>	<b>8,865,312</b>	<b>9,465,312</b>
Transfer through appropriation of profit	0	3,045,457	3,045,457
<b>Equity at 31 December 2019</b>	<b>600,000</b>	<b>11,910,769</b>	<b>12,510,769</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of KARL STORZ Endoskopi Danmark A/S for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK).

#### Foreign currency translation

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

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

#### Income statement

##### Revenue

The Company has applied IAS 11 / IAS 18 as an interpretation for revenue recognition.

Income from the sale of goods is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

##### Gross profit

The items revenue, cost of sales, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

##### Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

##### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

##### Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Other fixtures and fittings, tools and equipment 5 år/year years

##### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

The carrying amount of property, plant and equipment is subject to an annual impairment test besides depreciation.

When there is an indication that assets may be impaired, each assets and groups of assets are subject to an impairment test. The asset is written down to the recoverable amount, if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the anticipated net cash flows from the use of the assets or group of assets.

##### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

##### Receivables

Receivables are measured at amortised cost.

The Company has applied IAS 39 as an interpretation for impairment of financial assets.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income taxes

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

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

##### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

##### Lease liabilities

All leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total liability relating to operating leases and other leases is disclosed in contingent liabilities, etc.

DKK	2019	2018
<b>2 Staff costs</b>		
Wages/salaries	10,712,613	11,270,468
Pensions	826,738	814,560
Other social security costs	109,668	87,613
	11,649,019	12,172,641
Average number of full-time employees	15	15

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK	2019	2018
<b>3 Financial expenses</b>		
Interest expenses, group entities	131,197	316,010
Other interest expenses	11,746	12,082
Exchange losses	245,075	192,053
Interest surcharges and tax recognised under net financials	20,386	17,932
	<u>408,404</u>	<u>538,077</u>
<b>4 Tax for the year</b>		
Estimated tax charge for the year	757,755	858,457
Deferred tax adjustments in the year	176,015	85,243
	<u>933,770</u>	<u>943,700</u>
<b>5 Property, plant and equipment</b>		
		<b>Other fixtures and fittings, tools and equipment</b>
DKK		
Cost at 1 January 2019		<u>1,799,355</u>
Cost at 31 December 2019		<u>1,799,355</u>
Impairment losses and depreciation at 1 January 2019		1,174,828
Amortisation/depreciation in the year		<u>136,259</u>
Impairment losses and depreciation at 31 December 2019		<u>1,311,087</u>
<b>Carrying amount at 31 December 2019</b>		<u><u>488,268</u></u>



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 6 Share capital

The share capital comprises 600 shares of nominal DKK 1,000. No shares have special rights.

The Company's share capital has remained DKK 600,000 over the past 5 years.

#### 7 Contractual obligations and contingencies, etc.

##### Other financial obligations

The Company has entered into leases and rental agreement totalling DKK 2,668 thousand divided into lease obligations of DKK 2,171 thousand and tenancy commitments of DKK 497 thousand.

#### 8 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2019.

#### 9 Related parties

##### Information about consolidated financial statements

Parent

Domicile

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KARL STORZ SE & Co. KG