



Mölnlycke Health Care ApS

Gydevang 33, 3450 Allerød

Company reg. no. 20 45 61 91

Annual report

1 January - 31 December 2016

The annual report have been submitted and approved by the general meeting on the 8 May 2017.

Paula Katriina Öberg
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

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Management's report

The board of directors and the managing director have today presented the annual report of Mölnlycke Health Care ApS for the financial year 1 January to 31 December 2016.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2016 and of the company's results of its activities in the financial year 1 January to 31 December 2016.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Allerød, 8 May 2017

Managing Director



Paula Katriina Öberg

Board of directors



Sten Jakob Hedén
Chairman



Staffan Percy Ternström



Paula Katriina Öberg

Independent auditor's report

To the shareholder of Mølntycke Health Care ApS

Opinion

We have audited the financial statements of Mølntycke Health Care ApS for the financial year 1 January - 31 December 2016, which comprise the income statement, balance sheet and notes, including a summary of significant 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 Entity's financial position at 31 December 2016 and of the results of its operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 requirements. 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 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 financial statements

Our objectives are to obtain reasonable assurance about 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 these 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 8 May 2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Company reg. no. 33 96 35 86



Jens Rudkjær
State Authorised Public Accountant

Company data

The company	Mölnlycke Health Care ApS Gydevang 33 3450 Allerød
	Company reg. no. 20 45 61 91 Established: 15 August 1997 Domicile: Allerød Financial year: 1 January - 31 December
Board of directors	Sten Jakob Hedén, Chairman Staffan Percy Ternström Paula Katriina Öberg
Managing Director	Paula Katriina Öberg
Auditors	Deloitte, Statsautoriseret Revisionspartnerselskab

Financial highlights

DKK in thousands.	2016	2015	2014	2013	2012
Profit and loss account:					
Gross profit	22.544	21.966	21.801	21.207	21.414
Results from operating activities	6.897	5.813	8.714	4.536	4.866
Net financials	-22	-30	-205	-109	-323
Results for the year	5.328	4.332	6.408	3.319	3.511
Balance sheet:					
Balance sheet sum	34.340	33.326	33.569	43.483	36.804
Investments in tangible fixed assets represent	65	130	47	0	24
Equity	7.311	7.984	8.651	5.562	5.243
Employees:					
Average number of full time employees	20	21	22	23	24
Key figures in %:					
Solvency ratio	21,3	24,0	25,8	12,8	14,2
Return on equity	69,7	52,1	90,2	61,4	65,2

The calculation of key figures and ratios does in all material respects follow the Danish Association of Finance Analysts' recommendations and does only in a few respects deviate from the recommendations.

The key figures appearing from the survey have been calculated as follows:

Solvency ratio	$\frac{\text{Equity, closing balance} \times 100}{\text{Assets in total, closing balance}}$
Return on equity	$\frac{\text{Results for the year} \times 100}{\text{Average equity}}$

Management's review

The principal activities of the company

Mölnlycke Health Care ApS sells and distributes single-use products for surgical and wound care to the healthcare sector, including related services.

Development in activities and financial matters

Profit for the year amounts to DKK 5.328 thousand, which Management considers satisfactory as the performance is in line with expectations for the year.

Events subsequent to the financial year

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Accounting policies used

The annual report for Mølnlycke Health Care ApS is presented in accordance with the provision of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies has previously been presented in accordance with the provision of the Danish Financial Statements Act concerning companies identified as class C (medium) enterprises but has been changed to class B enterprises. The change has no financial impact on the financial statement and the accounting policies is therefore unaffected of the change from class c (medium) enterprises to class B enterprises.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

The profit and loss account

Gross profit or loss

Gross profit or loss comprises revenue, cost of goods sold and expenses.

Accounting policies used

Revenue

Revenue from the sale manufactured goods and goods for resale is recognized in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognized net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortization of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on payables and foreign currency transactions, amortization of financial liabilities.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Accounting policies used

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortized straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortization period is usually five years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortization period is considered to give a better reflection of the benefit from the relevant resources.

Goodwill is written down to the lower recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and Equipment	3-5 years
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Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprised cash in hand and bank deposits.

Accounting policies used

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Equity

Dividend

Dividend is recognized as a liability at the time of adoption at the general meeting. The Proposed dividend for the financial year is disclosed as a separate item in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the taxbased value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Operating leases

Lease payments on operating leases are recognized on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Profit and loss account 1 January - 31 December

DKK in thousands.

<u>Note</u>	<u>2016</u>	<u>2015</u>
Gross profit	22.544	21.966
1 Staff costs	-14.944	-15.470
Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-703	-683
Operating profit	6.897	5.813
2 Other financial income from group enterprises	3	0
Other financial income	2	1
3 Other financial costs	-27	-31
Results before tax	6.875	5.783
4 Tax on ordinary results	-1.547	-1.451
Results for the year	5.328	4.332
Proposed distribution of the results:		
Dividend for the financial year	6.000	6.000
Allocated from results brought forward	-672	-1.668
Distribution in total	5.328	4.332

Balance sheet 31 December

DKK in thousands.

Assets			
<u>Note</u>		<u>2016</u>	<u>2015</u>
Fixed assets			
5	Goodwill	675	1.299
	Intangible fixed assets in total	<u>675</u>	<u>1.299</u>
6	Other plants, operating assets, and fixtures and furniture	108	122
	Tangible fixed assets in total	<u>108</u>	<u>122</u>
	Fixed assets in total	<u>783</u>	<u>1.421</u>
Current assets			
	Trade debtors	27.073	26.048
	Amounts owed by group enterprises	6.266	5.634
	Other debtors	29	30
7	Accrued income and deferred expenses	189	193
	Debtors in total	<u>33.557</u>	<u>31.905</u>
	Current assets in total	<u>33.557</u>	<u>31.905</u>
	Assets in total	<u>34.340</u>	<u>33.326</u>

Balance sheet 31 December

DKK in thousands.

Equity and liabilities			
<u>Note</u>		<u>2016</u>	<u>2015</u>
Equity			
8	Contributed capital	500	500
	Results brought forward	811	1.484
	Proposed dividend for the financial year	6.000	6.000
	Equity in total	7.311	7.984
Provisions			
9	Provisions for deferred tax	130	270
	Provisions in total	130	270
Liabilities			
	Trade creditors	1.611	1.910
	Debt to group enterprises	13.737	12.278
	Corporate tax	3.235	3.848
	Other debts	8.316	7.036
	Short-term liabilities in total	26.899	25.072
	Liabilities in total	26.899	25.072
	Equity and liabilities in total	34.340	33.326

10 Contingencies

11 Related parties

Statement of changes in equity

DKK in thousands.

	Contributed capital	Results brought forward	Proposed dividend for the financial year	In total
Equity 1 January 2016	500	1.483	6.000	7.983
Distributed dividend	0	0	-6.000	-6.000
Profit or loss for the year brought forward	0	-672	6.000	5.328
	500	811	6.000	7.311

Notes

DKK in thousands.

	<u>2016</u>	<u>2015</u>
1. Staff costs		
Salaries and wages	13.069	13.742
Pension costs	1.240	1.327
Other costs for social security	109	146
Other staff costs	<u>526</u>	<u>255</u>
	<u>14.944</u>	<u>15.470</u>
Average number of employees	<u>20</u>	<u>21</u>
2. Other financial income from group enterprises		
Other financial income from group enterprise	<u>3</u>	<u>0</u>
	<u>3</u>	<u>0</u>
3. Other financial costs		
Financial costs, group enterprises	22	15
Other financial costs	<u>5</u>	<u>16</u>
	<u>27</u>	<u>31</u>
4. Tax on ordinary results		
Tax of the results for the year, parent company	1.687	1.548
Adjustment for the year of deferred tax	<u>-140</u>	<u>-97</u>
	<u>1.547</u>	<u>1.451</u>

Notes

DKK in thousands.

	<u>31/12 2016</u>	<u>31/12 2015</u>
5. Goodwill		
Cost 1 January 2016	12.477	12.477
Cost 31 December 2016	<u>12.477</u>	<u>12.477</u>
Amortisation and writedown 1 January 2016	-11.178	-10.554
Amortisation for the year	-624	-624
Amortisation and writedown 31 December 2016	<u>-11.802</u>	<u>-11.178</u>
Book value 31 December 2016	<u>675</u>	<u>1.299</u>
6. Other plants, operating assets, and fixtures and furniture		
Cost 1 January 2016	376	246
Additions during the year	65	130
Cost 31 December 2016	<u>441</u>	<u>376</u>
Amortisation and writedown 1 January 2016	-254	-195
Depreciation for the year	-79	-59
Amortisation and writedown 31 December 2016	<u>-333</u>	<u>-254</u>
Book value 31 December 2016	<u>108</u>	<u>122</u>
7. Accrued income and deferred expenses		
prepayment comprise incurred costs relating to subsequent financial years.		
8. Contributed capital		
The share capital consists of 100 shares, each with a nominal value of DKK 5.000,00. There have not been changes in share capital in the past 5 years.		

Notes

DKK in thousands.

	<u>31/12 2016</u>	<u>31/12 2015</u>
9. Provisions for deferred tax		
Provisions for deferred tax 1 January 2016	270	367
Deferred tax of the results for the year	<u>-140</u>	<u>-97</u>
	<u>130</u>	<u>270</u>

10. Contingencies

Contingent liabilities

	<u>DKK in thousands</u>
Leasing liabilities	<u>866</u>
Contingent liabilities in total	<u>866</u>

Joint taxation

The Company is part of a Danish joint taxation arrangement with all Danish subsidiaries of Investor AB, in which Aleris A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxes companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxes companies. The jointly takes companies' total know net liability in the joint taxation arrangement is stated in the financial statements of the administration company.

11. Related parties

Ownership

Parties exercising control are Mölnycke Health Care ApS' principal shareholder Mölnycke Health Care AB, Gothenburg, Sweden and its principal shareholder Investor AB, Stockholm, Sweden.

Consolidated annual accounts

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Investor AB, Stockholm, Sweden

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Mölnycke Health Care ApS, Gothenburg, Sweden.