

# **Mölnlycke Health Care ApS**

**Gydevang 39, 3450 Allerød**

**Company reg. no. 20 45 61 91**

## **Annual report**

**1 January - 31 December 2018**

The annual report was submitted and approved by the general meeting on the

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**Paula Katriina Öberg**

Chairman of the meeting

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146,940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

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## **Management's report**

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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 2018.

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 at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

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, 21 May 2019

### **Managing Director**

Paula Katriina Öberg

### **Board of directors**

Niclas Henry Holmquist

Ulf Stefan Fristedt

Paula Katriina Öberg

## **Independent auditor's report**

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### **To the shareholder of Mölnlycke Health Care ApS**

#### **Opinion**

We have audited the financial statements of for the financial year 01.01.2018 - 31.12.2018, 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 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 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.

#### **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.

## **Independent auditor's report**

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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.

### **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.

## **Independent auditor's report**

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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, 21 May 2019

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Business Registration No 33 96 35 56

Jens Sejer Pedersen  
State-Authorised  
Public Accountant  
Mne.14986

## **Company data**

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### **The company**

Mölnlycke Health Care ApS  
Gydevang 39  
3450 Allerød

Company reg. no. 20 45 61 91  
Established: 15 August 1997  
Domicile: Allerød  
Financial year: 1 January - 31 December

### **Board of directors**

Niclas Henry Holmquist  
Ulf Stefan Fristedt  
Paula Katriina Öberg

### **Managing Director**

Paula Katriina Öberg

### **Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab

## Financial highlights

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DKK in thousands.	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Profit and loss account:</b>					
Gross profit	32.626	25.172	22.544	21.966	21.801
Results from operating activities	11.266	8.223	6.897	5.813	8.714
Net financials	-8	-21	-22	-30	-205
Results for the year	8.775	6.378	5.328	4.332	6.408
<b>Balance sheet:</b>					
Balance sheet sum	33.169	31.267	34.340	33.326	33.569
Investments in tangible fixed assets represent	249	23	65	130	47
Equity	10.085	7.688	7.311	7.984	8.651
<b>Employees:</b>					
Average number of full time employees	20	20	20	21	22
<b>Key figures in %:</b>					
Solvency ratio	30,4	24,6	21,3	24,0	25,8
Return on equity	98,7	85,0	69,7	52,1	90,2

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:

**Equity share** 
$$\frac{\text{Equity, closing balance} \times 100}{\text{Assets in total, closing balance}}$$

**Return on equity** 
$$\frac{\text{Results for the year} \times 100}{\text{Average equity}}$$



## **Management's review**

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### **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 8.775 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**

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The annual report for Mölnlycke Health Care ApS is presented in accordance with those regulations 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 used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

### **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.

### **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.

## **Accounting policies used**

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### **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**

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### 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.

##### **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.

## **Accounting policies used**

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### **Prepayments**

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

### **Equity**

#### **Dividend**

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

### **Corporate tax and deferred tax**

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Mölnlycke Health Care ApS is proportionally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry over, 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.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

### **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>2018</u>	<u>2017</u>
<b>Gross profit</b>	<b>32.626</b>	<b>25.172</b>
1 Staff costs	-21.243	-16.245
Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-117	-704
<b>Operating profit</b>	<b>11.266</b>	<b>8.223</b>
2 Other financial income from group enterprises	1	0
Other financial income	5	2
3 Other financial costs	-14	-23
<b>Results before tax</b>	<b>11.258</b>	<b>8.202</b>
4 Tax on ordinary results	-2.483	-1.824
<b>Results for the year</b>	<b>8.775</b>	<b>6.378</b>
<b>Proposed distribution of the results:</b>		
Dividend for the financial year	8.775	6.378
Allocated from results brought forward	0	0
<b>Distribution in total</b>	<b>8.775</b>	<b>6.378</b>

## Balance sheet 31 December

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DKK in thousands.

<u>Note</u>	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
<b>Fixed assets</b>		
5 Goodwill	0	51
Intangible fixed assets in total	<u>0</u>	<u>51</u>
6 Other plants, operating assets, and fixtures and furniture	234	51
Tangible fixed assets in total	<u>234</u>	<u>51</u>
<b>Fixed assets in total</b>	<b><u>234</u></b>	<b><u>102</u></b>
<b>Current assets</b>		
Trade debtors	24.603	25.489
Amounts owed by group enterprises	7.983	5.483
7 Deferred tax assets	13	9
Other debtors	27	23
8 Accrued income and deferred expenses	309	161
Debtors in total	<u>32.935</u>	<u>31.165</u>
<b>Current assets in total</b>	<b><u>32.935</u></b>	<b><u>31.165</u></b>
<b>Assets in total</b>	<b><u>33.169</u></b>	<b><u>31.267</u></b>

## Balance sheet 31 December

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DKK in thousands.

<u>Note</u>	<u>2018</u>	<u>2017</u>
<b>Equity and liabilities</b>		
<b>Equity</b>		
9 Contributed capital	500	500
Results brought forward	810	810
Proposed dividend for the financial year	8.775	6.378
<b>Equity in total</b>	<b><u>10.085</u></b>	<b><u>7.688</u></b>
<b>Liabilities</b>		
Trade creditors	2.503	1.674
Debt to group enterprises	10.738	11.791
Corporate tax	2.337	1.963
Other debts	7.506	8.151
Short-term liabilities in total	<u>23.084</u>	<u>23.579</u>
<b>Liabilities in total</b>	<b><u>23.084</u></b>	<b><u>23.579</u></b>
<b>Equity and liabilities in total</b>	<b><u>33.169</u></b>	<b><u>31.267</u></b>

10 Contingencies

11 Related parties



## Statement of changes in equity

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DKK in thousands.

	<u>Contributed capital</u>	<u>Results brought forward</u>	<u>Proposed dividend for the financial year</u>	<u>In total</u>
Equity 1 January 2018	500	810	6.378	7.688
Distributed dividend	0	0	-6.378	-6.378
Profit or loss for the year brought forward	<u>0</u>	<u>0</u>	<u>8.775</u>	<u>8.775</u>
	<b>500</b>	<b>810</b>	<b>8.775</b>	<b>10.085</b>

## Notes

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DKK in thousands.

	<u>2018</u>	<u>2017</u>
<b>1. Staff costs</b>		
Salaries and wages	18.632	14.422
Pension costs	1.273	1.285
Other costs for social security	134	139
Other staff costs	1.204	399
	<u><b>21.243</b></u>	<u><b>16.245</b></u>
Average number of employees	<u>20</u>	<u>20</u>
<b>2. Other financial income from group enterprises</b>		
Other financial income from group enterprise	<u>1</u>	<u>0</u>
	<u><b>1</b></u>	<u><b>0</b></u>
<b>3. Other financial costs</b>		
Financial costs, group enterprises	2	18
Other financial costs	<u>12</u>	<u>5</u>
	<u><b>14</b></u>	<u><b>23</b></u>
<b>4. Tax on ordinary results</b>		
Tax of the results for the year, parent company	2.487	1.963
Adjustment for the year of deferred tax	<u>-4</u>	<u>-139</u>
	<u><b>2.483</b></u>	<u><b>1.824</b></u>
<b>5. Goodwill</b>		
Cost 1 January 2018	<u>12.477</u>	<u>12.477</u>
<b>Cost 31 December 2018</b>	<u><b>12.477</b></u>	<u><b>12.477</b></u>
Amortisation and writedown 1 January 2018	-12.426	-11.802
Amortisation for the year	<u>-51</u>	<u>-624</u>
<b>Amortisation and writedown 31 December 2018</b>	<u><b>-12.477</b></u>	<u><b>-12.426</b></u>
<b>Book value 31 December 2018</b>	<u><b>0</b></u>	<u><b>51</b></u>

## Notes

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DKK in thousands.

	<u>31/12 2018</u>	<u>31/12 2017</u>
<b>6. Other plants, operating assets, and fixtures and furniture</b>		
Cost 1 January 2018	464	441
Additions during the year	249	23
Disposals during the year	<u>-221</u>	<u>0</u>
<b>Cost 31 December 2018</b>	<b><u>492</u></b>	<b><u>464</u></b>
Amortisation and writedown 1 January 2018	-413	-333
Depreciation for the year	-66	-80
Reversal of depreciation, amortisation and writedown, assets disposed of	<u>221</u>	<u>0</u>
<b>Amortisation and writedown 31 December 2018</b>	<b><u>-258</u></b>	<b><u>-413</u></b>
<b>Book value 31 December 2018</b>	<b><u>234</u></b>	<b><u>51</u></b>
<b>7. Deferred tax assets</b>		
Deferred tax assets 1 January 2018	9	-130
Deferred tax of the results for the year	<u>4</u>	<u>139</u>
	<b><u>13</u></b>	<b><u>9</u></b>
<b>8. Accrued income and deferred expenses</b>		
Prepayment comprise incurred costs relating to subsequent financial years.		
<b>9. Contributed capital</b>		
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.		
<b>10. Contingencies</b>		
<b>Contingent liabilities</b>		
		DKK in thousands
Leasing liabilities		<u>808</u>
Rental liabilities		<u>2.278</u>
<b>Contingent liabilities in total</b>		<b><u>3.086</u></b>

## Notes

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DKK in thousands.

### 10. Contingencies (continued) Contingent liabilities (continued)

#### Joint taxation

Invifed DK ApS, company reg. no 39 59 58 77 being the administration company, the company is subject to the Danish scheme of joint taxation and it is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligation to withhold tax on interest, royalties and dividends of the jointly taxed companies.

The liabilities amount to a maximum corresponding to that share of the company capital, which is owned directly or indirectly by the ultimate parent company.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

### 11. Related parties

#### Controlling interest

Parties exercising control are Mölnlycke Health Care ApS' principal shareholder Mölnlycke 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:

Mölnlycke Health Care AB, Gothenburg, Sweden.