



Mölnlycke Health Care ApS

Gydevang 39, 3450 Allerød

Company reg. no. 20 45 61 91

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 18 May 2020.

Anna Cecilia Bertilsson
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS 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 2019.

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 2019 and of the company's results of its activities in the financial year 1 January to 31 December 2019.

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

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

Allerød, 18 May 2020

Managing Director

Anna Cecilia Bertilsson

Board of directors

Karin Anna Maria Marklinder

Anna Sofia Dahlberg

Anna Cecilia Bertilsson

Independent auditor's report

To the shareholder of Mölnlycke Health Care ApS

Opinion

We have audited the financial statements of for the financial year 01.01.2019 - 31.12.2019, 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 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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

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

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, 18 May 2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Company reg. no. 33 96 35 56

Jens Sejer Pedersen

State-Authorised Public Accountant
mne14986

Company information

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

Karin Anna Maria Marklinder
Anna Sofia Dahlberg
Anna Cecilia Bertilsson

Managing Director

Anna Cecilia Bertilsson

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Financial highlights

DKK in thousands.	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Income statement:					
Gross profit	24.671	32.626	25.172	22.544	21.966
Profit from ordinary operating activities	8.326	11.266	8.223	6.897	5.813
Net financials	-2	-8	-21	-22	-30
Net profit or loss for the year	6.414	8.775	6.378	5.328	4.332
Statement of financial position:					
Balance sheet total	33.304	33.169	31.267	34.340	33.326
Investments in property, plant and equipment	220	249	23	65	130
Equity	7.724	10.085	7.688	7.311	7.984
Employees:					
Average number of full-time employees	19	20	20	20	21
Key figures in %:					
Solvency ratio	23,2	30,4	24,6	21,3	24,0
Return on equity	72,0	98,7	85,0	69,7	52,1

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 commentary

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 6.414 thousand, which Management considers satisfactory as the performance is in line with expectations for the year.

Events subsequent to the financial year

The organisation of Mölnlycke Denmark and its business activities have been affected by the global spread of the coronavirus disease (COVID-19) and the lockdown of a great part of Denmark during Q1 and Q2 2020. In Q1 2020, we experienced a significant increase in the demand for critical personal protective equipment (a positive effect on our P&L). Later on in April and May, we have experienced a sharp decline in the level of activity at the national hospitals and within the nursing care sector. Overall, Mölnlycke Denmark expects to meet the outlook of our P&L for 2020 and that the organisation remains unchanged, but with another product mix, and assuming that the level of activity in Denmark will be close to normal before the end of Q2 2020.

Apart from this, no events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement 1 January - 31 December

DKK thousand.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Gross profit	24.671	32.626
1 Staff costs	-16.225	-21.243
Depreciation and writedown relating to tangible fixed assets	-120	-117
Operating profit	8.326	11.266
2 Other financial income from group enterprises	0	1
Other financial income	12	5
3 Other financial costs	-14	-14
Pre-tax net profit or loss	8.324	11.258
4 Tax on ordinary results	-1.910	-2.483
Net profit or loss for the year	6.414	8.775
Proposed appropriation of net profit:		
Dividend for the financial year	7.000	8.775
Allocated from retained earnings	-586	0
Total allocations and transfers	6.414	8.775

Statement of financial position at 31 December

DKK thousand.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Assets		
Non-current assets		
5 Goodwill	0	0
Total intangible assets	0	0
6 Other plants, operating assets, and fixtures and furniture	334	234
Total property, plant, and equipment	334	234
Total non-current assets	334	234
Current assets		
Trade debtors	23.967	24.603
Amounts owed by group enterprises	8.632	7.983
7 Deferred tax assets	10	13
Other debtors	33	27
8 Accrued income and deferred expenses	328	309
Total receivables	32.970	32.935
Total current assets	32.970	32.935
Total assets	33.304	33.169

Statement of financial position at 31 December

DKK thousand.

Equity and liabilities			
<u>Note</u>		<u>2019</u>	<u>2018</u>
Equity			
9	Contributed capital	500	500
	Retained earnings	224	810
	Proposed dividend for the financial year	7.000	8.775
	Total equity	7.724	10.085
Liabilities other than provisions			
	Other debts	471	0
	Total long term liabilities other than provisions	471	0
	Trade payables	1.890	2.503
	Payables to group enterprises	15.830	10.738
	Corporate tax	41	2.337
	Other payables	7.348	7.506
	Total short term liabilities other than provisions	25.109	23.084
	Total liabilities other than provisions	25.580	23.084
	Total equity and liabilities	33.304	33.169
10 Contingencies			
11 Related parties			

Statement of changes in equity

DKK thousand.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Proposed dividend for the financial year</u>	<u>Total</u>
Equity 1 January 2019	500	810	8.775	10.085
Distributed dividend	0	0	-8.775	-8.775
Profit or loss for the year brought forward	0	-586	7.000	6.414
	<u>500</u>	<u>224</u>	<u>7.000</u>	<u>7.724</u>

Notes

DKK thousand.

	<u>2019</u>	<u>2018</u>
1. Staff costs		
Salaries and wages	14.445	18.632
Pension costs	1.065	1.273
Other costs for social security	111	134
Other staff costs	604	1.204
	<u>16.225</u>	<u>21.243</u>
Average number of employees	<u>19</u>	<u>20</u>
2. Other financial income from group enterprises		
Other financial income from group enterprise	<u>0</u>	<u>1</u>
	<u>0</u>	<u>1</u>
3. Other financial costs		
Financial costs, group enterprises	10	2
Other financial costs	<u>4</u>	<u>12</u>
	<u>14</u>	<u>14</u>
4. Tax on ordinary results		
Tax of the results for the year, parent company	1.841	2.487
Adjustment for the year of deferred tax	3	-4
Adjustment of tax for previous years	<u>66</u>	<u>0</u>
	<u>1.910</u>	<u>2.483</u>
5. Goodwill		
Cost 1 January 2019	<u>12.477</u>	<u>12.477</u>
Cost 31 December 2019	<u>12.477</u>	<u>12.477</u>
Amortisation and writedown 1 January 2019	-12.477	-12.426
Amortisation for the year	<u>0</u>	<u>-51</u>
Amortisation and writedown 31 December 2019	<u>-12.477</u>	<u>-12.477</u>

Notes

DKK thousand.

	<u>31/12 2019</u>	<u>31/12 2018</u>
6. Other plants, operating assets, and fixtures and furniture		
Cost 1 January 2019	492	464
Additions during the year	220	249
Disposals during the year	<u>0</u>	<u>-221</u>
Cost 31 December 2019	<u>712</u>	<u>492</u>
Amortisation and writedown 1 January 2019	-258	-413
Depreciation for the year	-120	-66
Reversal of depreciation, amortisation and writedown, assets disposed of	<u>0</u>	<u>221</u>
Amortisation and writedown 31 December 2019	<u>-378</u>	<u>-258</u>
Book value 31 December 2019	<u>334</u>	<u>234</u>
7. Deferred tax assets		
Deferred tax assets 1 January 2019	13	9
Deferred tax of the results for the year	<u>-3</u>	<u>4</u>
	<u>10</u>	<u>13</u>
8. Accrued income and deferred expenses		
Prepayment comprise incurred costs relating to subsequent financial years.		
9. 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.		
10. Contingencies		
Contingent liabilities		
		DKK in tousands
Leasing liabilities		<u>1.930</u>
Rental liabilities		<u>1.040</u>
Contingent liabilities in total		<u>2.970</u>

Notes

DKK thousand.

10. Contingencies (continued) Contingent liabilities (continued)

Joint taxation

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

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

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

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

11. Related parties Controlling interest

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, Stockhom, Sweden

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

Mölnycke Health Care AB, Gothenburg, Sweden.

Accounting policies

The annual report for Mölnlycke Health Care ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in 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

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

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
--	-----------

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Accounting policies

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Prepayments

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

Cash

Cash comprised cash in hand and bank deposits.

Equity

Dividend

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

Accounting policies

Other financial liabilities

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

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ANNA DAHLBERG

Bestyrelsesmedlem

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2020-05-19 18:02:45Z



KARIN MARKLINDER

Bestyrelsesmedlem

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2020-05-20 05:48:23Z



ANNA BERTILSSON

Adm. direktør

Serienummer: 19730718xxxx

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ANNA BERTILSSON

Direktør

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ANNA BERTILSSON

Bestyrelsesformand

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2020-05-20 08:21:53Z



Christoffer Jensen

Registreret revisor

På vegne af: Buus Jensen I/S Statsautoriserede Revisorer

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IP: 195.184.xxx.xxx

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Jens Sejer Pedersen

Statsautoriseret revisor

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ANNA BERTILSSON

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