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# BSN Medical A/S

Gydevang 33  
3450 Allerød

CVR no. 26 02 00 77

Annual report 2018

The annual report was presented and approved at the  
Company's annual general meeting on 31<sup>st</sup> May, 2019  
Andreas Næsheim



Chairman

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

The Board of Directors and Executive Board have today discussed and approved the annual report of BSN Medical A/S for the financial year 1 January - 31 December 2018.

The annual reports have been prepared in accordance with the Danish Financial Statements Act

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31st December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018,

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

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

Copenhagen,  
Executive Board:



Ivar Andreas Næsheim

Board of Directors:



Jens Frederik Neilsen  
Chairman

Ivar Andreas Næsheim



David Hall

## Independent auditor's report

To the shareholder of BSN Medical A/S

### Opinion

We have audited the financial statements of BSN Medical A/S for the financial year 1 January - 31 December 2018, 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 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 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 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 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 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 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.

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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 31<sup>st</sup> May 2019

ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

  
Birgit Morville Schrøder  
State Authorised  
Public Accountant  
MNE no.: mne21337

BSN Medical A/S  
Annual report 2018  
CVR no. 26 02 00 77

## Management's review

### Company details

BSN Medical A/S  
Gydevang 33  
3450 Allerød

Website. [www.bsnmedical.com](http://www.bsnmedical.com)

CVR no 26 02 00 77  
Established 4 May 2001  
Financial year 1 January — 31 December

### Board of Directors

Jens Frederik Nielsen,  
Ivar Andreas Næsheim  
David Hall

### Executive Board

Ivar Andreas Næsheim

### Auditor

Ernst & Young Godkendt Revisionspartnerselskab  
Osvold Helmuths Vej 4  
DK-2000 Frederiksberg

### Annual general meeting

The annual general meeting will be held on 31<sup>st</sup> May 2019

## Management's review

### Operating review

#### Principal activities

The Company's main business activity is to render sales and marketing services to BSN Medical AB, a company incorporated in Sweden, **with the same ultimate holding company – Essity AB Sweden**

#### Development in activities and financial position

The income statement for 2018 shows a profit of EUR 99,971 against EUR 78,450 last year, and the balance sheet at 31 December 2018 shows equity of EUR 469,368.

#### Events after the balance sheet date

Following the merger of BSN Medical group with SCA (Svenska Cellulosa Aktiebolaget -Now Essity) on 3rd April 2017 steps have been taken to simplify the legal structure of group companies.

As part of this plan BSN Medical A/S will merge with Essity Denmark A/s in 2020

## Financial statements 1 January— 31 December

### Income statement

EUR	Note	2018	2017
Gross profit		1,067,318	779,610
Administrative expenses	2	<u>-924,949</u>	<u>-675,298</u>
Operating profit		142,369	104,312
Financial income		135,155	310
Financial expenses		<u>-140,038</u>	<u>-3,028</u>
Profit before tax		137,485	101,594
Tax on profit for the year	3	<u>-37,514</u>	<u>-23,144</u>
Profit for the year		<u>99,971</u>	<u>78,450</u>
<b>Proposed profit appropriation</b>			
Retained earnings		<u>99,971</u>	<u>78,450</u>



## Financial statements 1 January - 31 December

### Balance sheet

EUR	Note	2018	2017
<b>ASSETS</b>			
Fixed Assets		5,368	-
<b>Current assets</b>			
<b>Receivables</b>			
Receivables from group entities		633,648	191,098
Other receivables		<u>14,514</u>	<u>2,938</u>
		648,162	194,036
Cash at bank and in hand		76,280	319,013
<b>Total current assets</b>		<u>724,442</u>	<u>513,049</u>
<b>TOTAL ASSETS</b>		<u>729,810</u>	<u>513,049</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital	4	67,110	67,110
Retained earnings		<u>402,258</u>	<u>302,287</u>
<b>Total equity</b>		<u>469,368</u>	<u>369,397</u>
<b>Liabilities other than provisions</b>			
<b>Current liabilities other than provisions</b>			
Trade payables		40,574	35,149
Payables to group entities		18,208	0
Corporation tax		36,567	9,210
Other payables		<u>165,093</u>	<u>99,293</u>
		260,443	143,652
<b>Total liabilities other than provisions</b>		<u>260,443</u>	<u>143,652</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>729,810</u>	<u>513,049</u>
Contractual obligations, contingencies, etc.	5		
Mortgages and collateral	6		
Related party disclosures	7		

## Financial statements 1 January - 31 December

### Statement of changes in equity

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2018	67,110	302,287	369,397
Transferred over the profit appropriation	<u>0</u>	<u>99,971</u>	<u>99,971</u>
Equity at 31 December 2018	<u>67,110</u>	<u>402,258</u>	<u>469,368</u>

## Financial statements 1 January - 31 December

### Notes

#### 1 Accounting policies

The annual report of BSN Medical A/S for 2018 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act and elective choice of certain provisions applying to reporting class C.

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 euros (EUR), as the Company's most significant transactions are settled in EUR.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates 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, payables and other monetary items denominated in foreign currencies are translated at the exchange rates 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 latest financial statements is recognised in the income statement as financial income or financial expenses.

### Income statement

#### Revenue

Income from the sales and marketing services is recognised as revenue at the time of delivery, provided that the income can be made up reliably and is expected to be received.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

The items revenue, production costs and other operating income have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

#### Administrative expenses

Administrative expenses include expenses incurred in the year for purposes of managing and administering the company, including expenses relating to administrative staff, management, office premises/expenses as well as amortisation/depreciation of assets used for administrative purposes.

## Financial statements 1 January — 31 December

### Notes

#### 1 Accounting policies (continued)

##### 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, realised and unrealised gains and losses denominated in foreign currencies as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

##### Tax on profit/loss for the year

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.

### Balance sheet

#### Receivables

Receivables are measured at amortised cost.

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.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

#### Cash and cash equivalents

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

#### Equity

##### *Dividends*

Dividend proposed For the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the Financial year are presented as a separate item under "Equity".

## Financial statements 1 January — 31 December

### Notes

#### 1 Accounting policies (continued)

##### Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income.

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 other than provisions

Other liabilities are measured at net realisable value.

EUR	2018	2017
	<hr/>	<hr/>
<b>2 Staff costs</b>		
Wages/salaries	542,065	412,202
Pensions	40,126	27,873
Other social security costs	<u>7,459</u>	<u>1,289</u>
	<hr/>	<hr/>
	589,650	441,364
	<hr/>	<hr/>
Average number of full-time employees	<u>5</u>	<u>4</u>
	<hr/>	<hr/>
<b>3 Tax on profit for the year</b>		
Current tax for the year	30,480	23,144
	<hr/>	<hr/>
Tax for earlier years	<u>7,034</u>	<u>0</u>
	<hr/>	<hr/>
	37,514	23,144
	<hr/>	<hr/>
<b>4 Contributed capital</b>		
The share capital consists of 1,000 shares of a nominal value of DKK 67,11 each.		
The Company's share capital has remained EUR 67,110 over the past 5 years.		

## Financial statements 1 January - 31 December

### Notes

#### 5 Contractual obligations, contingencies, etc.

The company is jointly taxed with other Danish entities and is jointly and severally liable for Danish company and withholding taxes

EUR	2018	2017
<b>Operating lease obligations</b>		
Rent and lease liabilities	42,846	5,487

The company has entered into contracts concerning lease of cars. The lease contracts cannot be terminated for a period of 1-3 years. The total lease commitments are estimated at approximately EUR 43 thousand, and is due as below.

Due within 1 year	16,721	5,487
Due within 2-5 years	26,125	-

#### 6 Mortgages and collateral

The Company has not provided any security or other collateral in assets at 31 December 2018

#### 7 Related party disclosures

BSN Medical A/S' related parties comprise the following.

##### Parties Exercising Control

Essity Denmark A/S, Gydevang, 3450 Allerød, Denmark

Essity Denmark A/S, holds the majority of the contributed capital in the Company

BSN Medical A/S is part of the consolidated financial statements of Essity AB, Box 200, SE-101 23, Stockholm, Sweden.

The consolidated financial statements of Essity AB, can be obtained by contacting the companies at the addresses above