

BSN Medical A/S

Gydevang 33
3450 Allerød

CVR no. 26 02 00 77

Annual report 2017

The annual report was presented and approved at the
Company's annual general meeting on

31-05-2018

Ivar Andreas Næsheim
chairman

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Company details	5
Operating review	6
Financial statements 1 January – 31 December	7
Income statement	7
Balance sheet	8
Statement of changes in equity	9
Notes	10

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of BSN Medical A/S for the financial year 1 January – 31 December 2017.

The annual report has 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 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017.

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

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

Copenhagen,
Executive Board:



Ivar Andreas Næsheim

Board of Directors:



Anita Jordan
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 2017, 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 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 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 May 2018

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


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

BSN Medical A/S
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Management's review

Company details

BSN Medical A/S
Gydevang 33
3450 Allerød

Website: www.bsnmedical.com

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

Board of Directors

Anita Jordan, Chairman
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 31-05-2018

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 - BSN Luxembourg Holding SARL.

Development in activities and financial position

The income statement for 2017 shows a profit of EUR 78,450 against EUR 58,177 last year, and the balance sheet at 31 December 2017 shows equity of EUR 369,397.

Events after the balance sheet date

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

Financial statements 1 January – 31 December

Income statement

EUR	Note	2017	2016
Gross profit		779,610	594,004
Administrative expenses	2	<u>-675,298</u>	<u>-515,703</u>
Operating profit		104,312	78,301
Financial income		310	193
Financial expenses		<u>-3,028</u>	<u>-924</u>
Profit before tax		101,594	77,570
Tax on profit for the year	3	<u>-23,144</u>	<u>-19,392</u>
Profit for the year		<u>78,450</u>	<u>58,178</u>
Proposed profit appropriation			
Retained earnings		<u>78,450</u>	<u>58,178</u>

Financial statements 1 January – 31 December

Balance sheet

EUR	Note	2017	2016
ASSETS			
Current assets			
Receivables			
Receivables from group entities		191,098	109,198
Other receivables		<u>2,938</u>	<u>3,702</u>
		<u>194,036</u>	<u>112,900</u>
Cash at bank and in hand		<u>319,013</u>	<u>283,281</u>
Total current assets		<u>513,049</u>	<u>396,181</u>
TOTAL ASSETS		<u><u>513,049</u></u>	<u><u>396,181</u></u>
EQUITY AND LIABILITIES			
Equity			
Contributed capital	4	67,110	67,110
Retained earnings		<u>302,287</u>	<u>223,838</u>
Total equity		<u>369,397</u>	<u>290,948</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Trade payables		35,149	17,580
Payables to group entities		0	15,026
Corporation tax		9,210	6,279
Other payables		<u>99,293</u>	<u>66,348</u>
		<u>143,652</u>	<u>105,233</u>
Total liabilities other than provisions		<u>143,652</u>	<u>105,233</u>
TOTAL EQUITY AND LIABILITIES		<u><u>513,049</u></u>	<u><u>396,181</u></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 2017	67,110	223,837	290,947
Transferred over the profit appropriation	<u>0</u>	<u>78,450</u>	<u>78,450</u>
Equity at 31 December 2017	<u><u>67,110</u></u>	<u><u>302,287</u></u>	<u><u>369,397</u></u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of BSN Medical A/S for 2017 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 in 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.

Gross Profit

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	2017	2016
2 Staff costs		
Wages/salaries	412,202	351,780
Pensions	27,873	30,113
Other social security costs	1,289	1,129
	<u>441,364</u>	<u>383,022</u>
Average number of full-time employees	<u>4</u>	<u>4</u>
3 Tax on profit for the year		
Current tax for the year	23,144	19,392
	<u>23,144</u>	<u>19,392</u>
4 Contributed capital		

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	2017	2016
Operating lease obligations		
Rent and lease liabilities	<u>5,487</u>	<u>44,422</u>

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 5 thousand, and is due within 1 year.

6 Mortgages and collateral

The Company has not provided any security or other collateral in assets at 31 December 2017.

7 Related party disclosures

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

Parties Exercising Control

BSN Medical Sweden Holding AB, Uggledalsvägen 13, 427 40 Billdal, Sweden

BSN Medical Sweden Holding AB, 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.