Agito Medical A/S

Jellingvej 30, 9230 Svenstrup J

Company reg. no. 27 77 08 51

Annual report

2018

The annual report was submitted and approved by the general meeting on the 31 May 2019.

Nicolai Astrup Mandrup
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 EUR 146.940 is the same as the English amount of EUR 146,940, and that 23,5 % is the same as the English 23.5 %.

Contents

Management's report

The board of directors and the managing director have today presented the annual report of Agito Medical A/S 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 and cash flows 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.

Aalborg, 31 May 2019

Managing Director

Nicolai Astrup Mandrup

Board of directors

Mats Olof Henrik Hammarskiöld Johnels chairman	Nicolai Astrup Mandrup	Nille Askvad Hviid Klæbel

Independent auditor's report

To the shareholders of Agito Medical A/S

Opinion

We have audited the annual accounts of Agito Medical A/S for the financial year 1 January to 31 December 2018, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity, cash flow statement and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2018 and of the results of the company's operations and cash flows for the financial year 1 January to 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 and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management’s review and in that connection consider whether the management’s review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Ikast, 31 May 2019

Partner Revision
State Authorised Public Accountants
Company reg. no. 15 80 77 76

Kenn Jensen
State Authorised Public Accountant
mne24692

Lars Ole Mortensen
State Authorised Public Accountant
mne16538

Company data

The company	Agito Medical A/S Jellingvej 30 9230 Svenstrup J	
	Company reg. no.	27 77 08 51
	Established:	2 June 2004
	Domicile:	Aalborg
	Financial year:	1 January - 31 December
Board of directors	Mats Olof Henrik Hammarskiöld Johnels, chairman Nicolai Astrup Mandrup Nille Askvad Hviid Klæbel	
Managing Director	Nicolai Astrup Mandrup	
Auditors	Partner Revision statsautoriseret revisionsaktieselskab Thrigesvej 3 7430 Ikast	
Subsidiaries	Agito Medical B.V., Nieuwegein, Netherlands Agito Medical SARL, Strasbourg, France Agito Medical S.A., Madrid, Spain Agito Medical GmbH, Oberkirch, Germany	

Financial highlights

EUR in thousands.	2018	2017	2016	2015	2014
Profit and loss account:					
Gross profit	2.336	6.038	6.629	4.043	2.611
Results from operating activities	-2.842	1.706	2.431	515	-1.120
Net financials	-1.586	-898	-19	-752	-313
Results for the year	-3.874	475	1.793	-151	-1.127
Balance sheet:					
Balance sheet sum	20.491	18.396	17.343	16.272	15.290
Investments in tangible fixed assets represent	4.072	321	2.052	2.598	1.427
Equity	8.615	4.549	4.073	2.280	2.431
Cash flow:					
Operating activities	-1.824	652	1.880	1.410	686
Investment activities	-4.371	-430	-1.903	-1.789	-1.469
Financing activities	3.842	-909	1.409	221	691
Cash flow in total	-2.353	-688	1.385	-157	-93
Employees:					
Average number of full time employees	45	41	39	37	36
Key figures in %:					
Solvency ratio	42,0	24,7	23,5	14,0	15,9
Return on equity	-58,9	11,0	56,4	-6,4	-37,6

The calculation of key figures and ratios follow the Danish Association of Finance Analysts' recommendations.

Management's review

The principal activities of the company

As in previous years, the company's activities consist of the purchase and sale of used medical equipment and any related activities.

Development in activities and financial matters

During the year, a group contribution from Koninklijke Philips N.V. and EUR 6.823.983 was provided.

With effect of 1 January 2018 the company has merged with the parent company Vanovi A/S with Agito Medical A/S as the continuing company. Comparative figures in the annual report has not been corrected.

In the year the capital has been increased with nom. EUR 134 at price 100, in total EUR 134.

The results from ordinary activities after tax are EUR -3.873.613 against EUR 475.342 last year. The management consider the results unsatisfactory.

The company operates within four different business areas; medical areas; medical equipment; spare part trade; service and rental solutions.

Special risks

Financial risks:

The sector is generally sensitive to the price development in used medical equipment. The company has attempted to counter this risk by ensuring a high turnover rate for the largest and most price-sensitive units.

Exchange rate risks:

Due to its activities, the company's results, cash flows and enquity are affected by exchange rate and interes rate fluctuations, especially in USD.

Generally, the related currency risks are not hedged, as the company finds that ongoing currence hedging of USD is not optimum considering the overall risk and expense entailed.

Interest risks:

No interest rate positions have been taken to hedge the company's interest rate risks.

The expected development

For 2019, the company expects profits in the different business areas through controlled growth.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, wich would have material impact on the financial position of the company.

Accounting policies used

The annual report for Agito Medical A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises).

The company merged with its parent company Vanovi A/S with Agito Medical A/S as continuing company as per 1 January 2018. For accounting purposes, the merger is treated according to the book value method, without restatement of the comparatives in compliance with the new Danish Financial Statements Act of 1 June 2015.

The accounting policies used are unchanged compared to last year, and the annual report is presented in euro (EUR).

No consolidated annual accounts have been prepared, cf. section 112(1) of the Danish Financial Statements Act. The annual accounts of Agito Medical A/S and its group enterprises are included in the consolidated annual accounts for Koninklijke Philips N.V, Amsterdam.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Accounting policies used

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

In case the foreign group enterprises and associated enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, cost of sales, changes in inventories of finished goods, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income and cost comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Amortisation of capital losses and loan costs relating to financial assets and liabilities is recognised on an ongoing basis as financial expenses and financial income, respectively.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible fixed assets

Development projects

Development costs comprise e.g. salaries, wages, and amortisation which directly and indirectly refer to the development activities.

Accounting policies used

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process.

Development costs recognised in the balance sheet are measured at cost with deduction of accrued depreciation and writedown.

After completion of the development work, capitalised development costs are amortised on a straight line basis over the estimated financial useful life. Usually, the amortisation period is 3-5 years.

Gain and loss from the sale of intangible assets are measured as the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Gain or loss are recognised in the profit and loss account as other operating income or other operating expenses respectively.

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

Other plants, operating assets, fixtures and furniture	2-10 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Accounting policies used

Leasing contracts

At the first recognition in the balance sheet, leasing contracts concerning tangible fixed assets by which the company holds all essential risks and advantages attached to the proprietary right (financial leasing) are measured either at fair value or at the present value of the future leasing services, whichever value is lower. When calculating the present value, the internal interest rate of the leasing contract or alternatively the borrowing rate of the enterprise is used as discount rate. Afterwards, financially leased assets are treated in the same way as other similar tangible assets.

The capitalised residual leasing liability is recognised in the balance sheet as a liability, and the interest part of the leasing contract is recognised in the profit and loss account over the term of the contract.

All other leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries enterprises 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.

Financial fixed assets

Equity investments in group enterprises

Equity investments in group enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Group enterprises and associated enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserves under the equity for net revaluation as per the equity method. Dividends from group enterprises expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprises.

Deposits

Deposits are measured at amortised cost and represent rent deposits, etc.

Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

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, Agito Medical A/S is unlimited, jointly and severally 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 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.

Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

Also capitalised residual leasing liabilities in connection with financial leasing contracts are recognised in the financial liabilities.

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

The cash flow statement

The cash flow statement shows the cash flow of the company for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities, respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

Cash flow from operating activities

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Cash flow from investment activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

Accounting policies used

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

Available funds

Available funds comprise cash funds with deduction of short-term bank debt.

Profit and loss account 1 January - 31 December

All amounts in EUR.

Note		2018	2017
	Gross profit	**2.335.923**	**6.037.679**
2	Staff costs	-4.068.293	-3.343.286
	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-1.029.368	-973.443
	Other operating costs	-80.504	-15.000
	Operating profit	**-2.842.242**	**1.705.950**
	Income from equity investments in group enterprises	-1.495.339	-618.377
	Other financial income from group enterprises	92.585	65.800
	Other financial income	23.799	387
3	Other financial costs	-206.569	-345.968
	Results before tax	**-4.427.766**	**807.792**
4	Tax on ordinary results	554.153	-332.450
5	**Results for the year**	**-3.873.613**	**475.342**

Balance sheet 31 December

All amounts in EUR.

Note	Assets	2018	2017
	Fixed assets		
6	Completed development projects	22.617	25.149
7	Acquired rights	127.797	105.055
	Intangible fixed assets in total	150.414	130.204
8	Other plants, operating assets, and fixtures and furniture	8.359.591	5.466.889
9	Tangible assets under construction and prepayments for tangible assets	111.499	228.128
	Tangible fixed assets in total	8.471.090	5.695.017
10	Equity investments in group enterprises	168.842	128.466
11	Deposits	61.557	61.557
	Financial fixed assets in total	230.399	190.023
	Fixed assets in total	**8.851.903**	**6.015.244**
	Current assets		
	Manufactured goods and trade goods	6.862.806	8.676.557
	Inventories in total	6.862.806	8.676.557
	Trade debtors	2.076.391	2.156.994
	Amounts owed by group enterprises	1.390.299	1.285.440
12	Deferred tax assets	512.653	0
	Receivable corporate tax	8.585	0
	Other debtors	269.518	131.767
13	Accrued income and deferred expenses	43.818	75.523
	Debtors in total	4.301.264	3.649.724
	Available funds	475.301	54.426
	Current assets in total	**11.639.371**	**12.380.707**
	Assets in total	**20.491.274**	**18.395.951**

Balance sheet 31 December

All amounts in EUR.

Equity and liabilities

Note		2018	2017
	Equity		
14	Contributed capital	1.341.050	1.340.916
	Results brought forward	7.273.519	3.207.656
	Equity in total	**8.614.569**	**4.548.572**
	Provisions		
	Provisions for deferred tax	0	358.887
	Provisions in total	**0**	**358.887**
	Liabilities		
15	Bank debts	0	1.076.385
16	Leasing liabilities	493.931	1.726.587
	Long-term liabilities in total	493.931	2.802.972
	Liabilities	157.688	830.315
	Bank debts	0	3.365.042
	Trade creditors	2.465.588	4.110.754
	Debt to group enterprises	7.216.922	1.382.735
	Corporate tax	0	239.866
	Other debts	1.542.576	756.808
	Short-term liabilities in total	11.382.774	10.685.520
	Liabilities in total	**11.876.705**	**13.488.492**
	Equity and liabilities in total	**20.491.274**	**18.395.951**

1 Subsequent events
17 Mortgage and securities
18 Contingencies
19 Related parties

Statement of changes in equity

All amounts in EUR.

	Contributed capital	Reserves for net revaluation as per the equity method	Results brought forward	In total
Equity 1 January 2017	1.340.916	136.532	2.595.782	4.073.230
Share of results	0	-136.532	611.874	475.342
Equity 1 January 2018	1.340.916	0	3.207.656	4.548.572
Cash capital increase	134	0	0	134
Share of results	0	0	-3.873.613	-3.873.613
Approach by merger	0	0	1.115.493	1.115.493
Group grants	0	0	6.823.983	6.823.983
	1.341.050	**0**	**7.273.519**	**8.614.569**

Cash flow statement 1 January - 31 December

All amounts in EUR.

Note		2018	2017
	Results for the year	-3.873.613	475.342
20	Adjustments	2.355.908	2.219.055
21	Change in working capital	31.938	-1.710.677
	Cash flow from operating activities before net financials	-1.485.767	983.720
	Interest received and similar amounts	116.384	66.187
	Interest paid and similar amounts	-206.569	-345.968
	Cash flow from ordinary activities	-1.575.952	703.939
	Corporate tax paid	-248.451	-51.737
	Cash flow from operating activities	**-1.824.403**	**652.202**
	Purchase of intangible fixed assets	-65.374	-108.973
	Purchase of tangible fixed assets	-4.071.775	-321.430
	Sale of tangible fixed assets	78.000	0
	Purchase of financial fixed assets	-312.224	0
	Cash flow from investment activities	**-4.371.373**	**-430.403**
	Raising of long-term debts	37.144	0
	Repayments of long-term debt	-3.018.812	-909.468
	Group grants	6.823.983	0
	Cash flow from financing activities	**3.842.315**	**-909.468**
	Changes in available funds	**-2.353.461**	**-687.669**
	Available funds 1 January	-3.310.616	-2.622.947
	Approach by merger	102	0
	Available funds 31 December	**-5.663.975**	**-3.310.616**

Available funds		
Available funds	475.301	54.426
Short-term bank debts	0	-3.365.042
Cashpool, group	-6.139.276	0
Available funds 31 December	**-5.663.975**	**-3.310.616**

Notes

All amounts in EUR.

1. Subsequent events

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

	2018	2017
2. Staff costs		
Salaries and wages	3.896.089	3.184.236
Other costs for social security	48.908	45.762
Other staff costs	123.296	113.288
	4.068.293	**3.343.286**
Executive board and board of directors	661.828	305.382
Average number of employees	45	41
3. Other financial costs		
Financial costs, group enterprises	54.646	78.384
Other financial costs	151.923	267.584
	206.569	**345.968**
4. Tax on ordinary results		
Tax of the results for the year, parent company	0	239.866
Adjustment for the year of deferred tax	-554.153	40.847
Adjustment of tax for previous years	0	51.737
	-554.153	**332.450**
5. Proposed distribution of the results		
Reserves for net revaluation as per the equity method	0	-136.532
Allocated to results brought forward	0	611.874
Allocated from results brought forward	-3.873.613	0
Distribution in total	**-3.873.613**	**475.342**

Notes

All amounts in EUR.

		31/12 2018	31/12 2017
6.	**Completed development projects**		
	Cost 1 January	432.358	406.453
	Additions during the year	8.095	25.905
	Disposals during the year	-406.453	0
	Cost 31 December	**34.000**	**432.358**
	Amortisation and writedown 1 January	-407.209	-377.513
	Amortisation for the year	-10.627	-29.696
	Reversal of depreciation, amortisation and writedown, assets disposed of	406.453	0
	Amortisation and writedown 31 December	**-11.383**	**-407.209**
	Book value 31 December	**22.617**	**25.149**

7.	**Acquired rights**		
	Cost 1 January	123.976	40.908
	Additions during the year	57.279	83.068
	Cost 31 December	**181.255**	**123.976**
	Amortisation and writedown 1 January	-18.921	-3.961
	Amortisation for the year	-34.537	-14.960
	Amortisation and writedown 31 December	**-53.458**	**-18.921**
	Book value 31 December	**127.797**	**105.055**

Notes

All amounts in EUR.

		31/12 2018	31/12 2017
8.	**Other plants, operating assets, and fixtures and furniture**		
	Cost 1 January	9.116.021	9.013.764
	Additions during the year	3.960.276	152.257
	Disposals during the year	-695.260	-50.000
	Transfers	71.058	0
	Cost 31 December	**12.452.095**	**9.116.021**
	Depreciation and writedown 1 January	-3.649.132	-2.755.340
	Depreciation for the year	-984.616	-928.792
	Reversal of depreciation, amortisation and writedown, assets disposed of	541.244	35.000
	Depreciation and writedown 31 December	**-4.092.504**	**-3.649.132**
	Book value 31 December	**8.359.591**	**5.466.889**
	Leased assets are included with a book value of	927.004	2.677.042
9.	**Tangible assets under construction and prepayments for tangible assets**		
	Cost 1 January	228.128	58.955
	Additions during the year	111.499	169.173
	Disposals during the year	-157.070	0
	Transfers	-71.058	0
	Cost 31 December	**111.499**	**228.128**
	Book value 31 December	**111.499**	**228.128**

Notes

All amounts in EUR.

		31/12 2018	31/12 2017
10.	**Equity investments in group enterprises**		
	Acquisition sum, opening balance 1 January	440.264	440.264
	Additions during the year	312.224	0
	Cost 31 December	**752.488**	**440.264**
	Revaluations, opening balance 1 January	-481.845	136.532
	Results for the year	-1.495.339	-618.377
	Revaluation 31 December	**-1.977.184**	**-481.845**
	Set off against debtors	1.393.538	170.047
	Set off against debtors and provisions for liabilities	**1.393.538**	**170.047**
	Book value 31 December	**168.842**	**128.466**

Group enterprises:

	Domicile	Share of ownership
Agito Medical B.V.	Nieuwegein, Netherlands	100 %
Agito Medical SARL	Strasbourg, France	100 %
Agito Medical S.A.	Madrid, Spain	100 %
Agito Medical GmbH	Oberkirch, Germany	100 %

		31/12 2018	31/12 2017
11.	**Deposits**		
	Cost 1 January	61.557	61.557
	Cost 31 December	**61.557**	**61.557**
	Book value 31 December	**61.557**	**61.557**

Notes

All amounts in EUR.

	31/12 2018	31/12 2017
12. Deferred tax assets		
Deferred tax assets 1 January	-358.887	-318.040
Deferred tax of the results for the year	335.412	-40.847
Deferred tax approach by merger	536.128	0
	512.653	**-358.887**
The following items are subject to deferred tax:		
Intangible fixed assets	-22.742	-16.974
Tangible fixed assets	-519.347	-341.913
Losses brought forward from previous years	1.054.742	0
	512.653	**-358.887**

Tax loss carryforward from this and earlier years is expected to be applied in the joint taxation or in own positive earnings within a period of three to five years.

	31/12 2018	31/12 2017
13. Accrued income and deferred expenses		
Prepaid insurance	8.062	20.685
Other prepayments	35.756	54.838
	43.818	**75.523**

	31/12 2018	31/12 2017
14. Contributed capital		
Contributed capital 1 January	1.340.916	1.340.916
Cash capital increase	134	0
	1.341.050	**1.340.916**

The share capital consists of 10.001 shares, each with a nominal value of EUR 134,1. No shares hold particular rights.

	31/12 2018	31/12 2017
15. Bank debts		
Bank debts in total	0	1.338.038
Share of amount due within 1 year	0	-261.653
	0	**1.076.385**

Notes

All amounts in EUR.

		31/12 2018	31/12 2017
16.	**Leasing liabilities**		
	Leasing liabilities in total	651.619	2.295.249
	Share of amount due within 1 year	-157.688	-568.662
		493.931	**1.726.587**
	Share of liabilities due after 5 years	0	320.879

17. Mortgage and securities

Other plants, operating assets, fixtures and furniture, all representing a book value of EUR 927.004 at 31 December 2018, cf. note, have been financed by means of financial leasing. At 31 December 2018, the liabilities of this financial leasing amount to EUR 651.619.

18. Contingencies

Contingent liabilities

The company is part of a Group cash pooling scheme and acts as co-guarantor for the bank debt.

Joint taxation

Philips Danmark A/S, company reg. no 43 25 30 18 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The jointly taxed enterprises' total, known net liability to the Danish tax authorities appears from the annual accounts of the administration company.

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

Notes

All amounts in EUR.

19. Related parties

Controlling interest

Koninklijke Philips N.V. Breitner Center, Amstelplein 2 Amsterdam, 1070 MX Netherlands	Majority shareholder

Transactions

During the financial year, the company has received a tax-free Group contribution from the parent company Koninklijke Philips N.V. totalling EUR 6.823.983.

Transactions with related parties is made on normal market conditions why these are not disclosed in accordance with section 99c Act. 7th of the Danish Financial Statements Act.

Consolidated annual accounts

The company is included in the consolidated annual accounts of Koninklijke Philips N.V.

	2018	2017
20. Adjustments		
Depreciation and amortisation	1.029.780	973.447
Loss from sale of fixed assets	76.016	15.000
Income from equity investments in group enterprises	1.495.339	618.377
Other financial income	-116.384	-66.187
Other financial costs	206.569	345.968
Tax on ordinary results	-335.412	332.450
	2.355.908	**2.219.055**

21. Change in working capital		
Change in inventories	1.970.821	-2.359.346
Change in debtors	-1.353.793	182.542
Change in trade creditors and other liabilities	-585.090	466.127
	31.938	**-1.710.677**