Agito Medical A/S

Bejlerholm 3A, 9400 Nørresundby

Company reg. no. 27 77 08 51

Annual report

2019

The annual report was submitted and approved by the general meeting on the 19 May 2020.

Mats Olof Henrik Hammarskiöld Johnels
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 EUR 146.940 means the amount of EUR 146,940, and that 23,5 % means 23.5 %.

Contents

Management's report

Today, the board of directors and the managing director have presented the annual report of Agito Medical A/S for the financial year 2019 of Agito Medical A/S.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2019 and of the company's results of activities and cash flows in the financial year 1 January – 31 December 2019.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Aalborg, 19 May 2020

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 financial statements of Agito Medical A/S for the financial year 1 January - 31 December 2019, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity, statement af cash flows and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2019 and of the results of the company's activities and cash flows for the financial year 1 January - 31 December 2019 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 section “Auditor’s responsibilities for the audit of the financial statements”. We are independent of the company in accordance with international ethical requirements for auditors (IESBA’s Code of Ethics), 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 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 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 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 international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 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 and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 commentary

Management is responsible for the management commentary.

Our opinion on and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Ikast, 19 May 2020

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

Kenn Jensen
State Authorised Public Accountant
mne24692

Company information

The company	Agito Medical A/S Bejlerholm 3A 9400 Nørresundby	
	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	

Financial highlights

EUR in thousands.	2019	2018	2017	2016	2015
Income statement:					
Gross profit	8.824	2.336	6.038	6.629	4.043
Profit from ordinary operating activities	2.898	-2.842	1.706	2.431	515
Net financials	-261	-1.586	-898	-19	-752
Net profit or loss for the year	1.986	-3.874	475	1.793	-151
Statement of financial position:					
Balance sheet total	34.585	20.491	18.396	17.343	16.272
Investments in property, plant and equipment	6.857	4.072	321	2.052	2.598
Equity	10.601	8.615	4.549	4.073	2.280
Cash flows:					
Operating activities	3.404	-1.824	652	1.880	1.410
Investing activities	-6.778	-4.371	-430	-1.903	-1.789
Financing activities	2.952	6.617	-909	1.409	221
Total cash flows	-422	421	-688	1.385	-157
Employees:					
Average number of full-time employees	44	45	41	39	37
Key figures in %:					
Solvency ratio	30,7	42,0	24,7	23,5	14,0
Return on equity	20,7	-58,9	11,0	56,4	-6,4

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.

Management commentary

The principal activities of the company

As in privious 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

With effect of 1 January 2019 the company has sold their shares in Agito Medical GmbH.

Income or loss from ordinary activities after tax totals EUR 1.986.292 against EUR -3.873.613 last year. Management considers the net profit or loss for the year satisfactory.

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 an most price-sensitive units.

Exchange rate risks:

Due to its activities, the company's results, cash flows and equity are affected by exchange rate and interest 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 an expense entailed.

Interest rate risks

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

Expected developments

For 2020, the company expects profits in the different business areas through controlled growth.

Events occurring after the end of the financial year

The rapid spread of the corona virus in Denmark and the rest of the world in March 2020 made it necessary for the Danish authorities to implement a series of restrictions, which could potentially have major socio-economic consequences. At the moment, the company is not directly affected by the restrictions implemented.

If the outbreak of corona virus turns out to be long-standing and the authorities take further measures to inhibit the spread of infection, the socio-economic consequences may become significant. In such a scenario, the company could be adversely affected. However, the authorities have already planned several initiatives as to financial support that will mitigate the consequences of the restrictions.

Management commentary

However, the enterprise's current and planned activities do not give rise to particular financial risks, and the company's cash resources are assessed to be adequately hedged.

In addition to the above, no other events have occurred subsequent to the balance sheet date, wich would have material impact on the financial position of the company.

Accounting policies

The annual report for Agito Medical A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

During the financial year, the company has reclassified short-term bank debts (cashpool) in the cash flow statement, due to a clear interpretation. Previously, short-term bank debts (cashpool) were presented as part of the company's available funds, in the furture they will be presented as part of the financing activities. The comparative figures for 2018 have been adjusted accordingly. The company's short-term bank debts (cashpool) are per 31 December 2019 EUR 9.235.169 and per 31 December 2018 EUR 6.139.276.

In addition to the above, The accounting policies are unchanged from the previous year, and the annual report is presented in euro (EUR).

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

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Accounting policies

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of transaction. Exchange rate differences arising between the rate at the date of transaction and the rate at the date of payment are recognised in the income statement as an item under net financials.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets and other nonmonetary assets acquired in foreign currency and not considered to be investment assets are measured using the exchange rate at the transaction date.

If the foreign group enterprises and associates meet the criteria for independent entities, their income statements are translated using an average exchange rate for the period in question and the balance sheet items are translated using the closing rate. Differences arising from translating the equity of foreign group enterprises at the beginning of the year using the closing rate are recognised directly in equity. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

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

Accounting policies

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Other operating costs

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Financial income and expenses

Financial income and expenses 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 income statement with the amounts concerning the financial year.

Interest and other costs concerning loans to finance the production of intangible assets and property, plant, and equipment, and relating to production periods are not recognised in the cost of non-current assets.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement as a proportional share of the group enterprises' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

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

Statement of financial position

Intangible assets

Development projects

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

Accounting policies

Development projects are recognised in the balance sheet where the project aims at devoloping a specific product or a specific proces, 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 og the development work, capitalised development costs are amortised on a straight line basis over the estimated financial useful lige. Usually, the amortisation period is 3-5 years.

Profit and loss from the sale of development projects are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Property, plant, and equipment

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less 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 carrying amount, the depreciation is discontinued.

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

The cost comprises acquisition cost and costs directly associated with 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 when the useful lives of each individual components differ.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	2-10 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Accounting policies

Leases

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible assets as well as equity investments in subsidiaries 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 for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount 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 derived from the use of the asset or group of assets.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Equity in group enterprises

Equity in group enterprises recognised in the statement of financial position as a proportional share of the enterprise’s equity value. This is calculated on the basis of the accounting policies of the parent less/plus unrealised intercompany profits and losses, and less/plus residual value of positive or negative goodwill measured by applying the purchase method.

Group enterprises with negative equity are recognised at no value and, to the extent they are considered irrevocable, amounts owed by these companies are made subject to impairment by the parent's share of the equity. If the negative equity exceeds the receivables, the residual amount is recognised under liability provisions to the extent that the parent has a legal or actual liability to cover the negative equity of these subsidiaries.

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

Profit or loss in connection with the disposal of group enterprises are measured as the difference between the sales amount and the carrying amount of net assets at the time of sale, inclusive of remaining consolidated goodwill and expected costs of sale or liquidation. Profit and loss are recognised in the income statement under net financials.

Deposits

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

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

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

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 and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

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).

Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with 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 receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Agito Medical A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

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

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

Statement of cash flows

The statement of cash flows shows company cash flows for the year divided into cash flows derived from operating activities, investment activities, and financing activities, respectively, changes in cash and cash equivalents, and cash and cash equivalents at the beginning and end of the year, respectively.

Accounting policies

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit or loss for the year adjusted for noncash operating items, changes in the working capital, and income tax paid.

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the share capital and associated costs. Furthermore, cash flows comprise borrowings, repayments of interest-bearing payables, and payments of dividend to the shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits.

Income statement 1 January - 31 December

All amounts in EUR.

Note		2019	2018
	Gross profit	**8.823.894**	**2.335.923**
2	Staff costs	-4.415.330	-4.068.293
	Depreciation, amortisation, and impairment	-1.466.004	-1.029.368
	Other operating costs	-44.470	-80.504
	Operating profit	**2.898.090**	**-2.842.242**
	Income from equity investments in group enterprises	-294.858	-1.495.339
	Other financial income from group enterprises	131.461	92.585
	Other financial income	44.028	23.799
3	Other financial costs	-141.568	-206.569
	Pre-tax net profit or loss	**2.637.153**	**-4.427.766**
4	Tax on net profit or loss for the year	-650.861	554.153
5	**Net profit or loss for the year**	**1.986.292**	**-3.873.613**

Statement of financial position at 31 December

All amounts in EUR.

Note	Assets	2019	2018
	Non-current assets		
6	Completed development projects	10.817	22.617
7	Acqurired rights	105.408	127.797
	Total intangible assets	116.225	150.414
8	Other fixtures and fittings, tools and equipment	12.826.754	8.359.591
9	Property, plant, and equipment under construction including prepayments for property, plant, and equipment	627.280	111.499
	Total property, plant, and equipment	13.454.034	8.471.090
10	Equity investments in group enterprises	174.485	168.842
11	Deposits	61.557	61.557
	Total investments	236.042	230.399
	Total non-current assets	**13.806.301**	**8.851.903**
	Current assets		
	Manufactured goods and goods for resale	7.693.611	6.862.806
	Prepayments for goods	1.323.633	0
	Total inventories	9.017.244	6.862.806
	Trade receivables	7.895.350	2.076.391
	Receivables from group enterprises	1.906.521	1.390.299
	Deferred tax assets	0	512.653
	Income tax receivables	0	8.585
	Other receivables	1.818.595	269.518
12	Prepayments and accrued income	87.757	43.818
	Total receivables	11.708.223	4.301.264
	Cash on hand and demand deposits	53.072	475.301
	Total current assets	**20.778.539**	**11.639.371**
	Total assets	**34.584.840**	**20.491.274**

Statement of financial position at 31 December

All amounts in EUR.

Note	Equity and liabilities	2019	2018
	Equity		
13	Contributed capital	1.341.050	1.341.050
	Retained earnings	9.259.811	7.273.519
	Total equity	**10.600.861**	**8.614.569**
	Provisions		
14	Provisions for deferred tax	115.350	0
	Total provisions	**115.350**	**0**
	Liabilities other than provisions		
15	Lease liabilities	364.059	493.931
16	Other payables	118.882	0
	Total long term liabilities other than provisions	482.941	493.931
	Current portion of long term payables	143.458	157.688
	Trade payables	7.497.723	2.465.588
	Payables to group enterprises	14.319.891	7.216.922
	Corporate tax	22.858	0
	Other payables	1.401.758	1.542.576
	Total short term liabilities other than provisions	23.385.688	11.382.774
	Total liabilities other than provisions	**23.868.629**	**11.876.705**
	Total equity and liabilities	**34.584.840**	**20.491.274**

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Statement of changes in equity

All amounts in EUR.

	Contributed capital	Retained earnings	Total
Equity 1 January 2018	1.340.916	3.207.656	4.548.572
Cash capital increase	134	0	134
Profit or loss for the year brought forward	0	-3.873.613	-3.873.613
Approach by merger	0	1.115.493	1.115.493
Group grants	0	6.823.983	6.823.983
Equity 1 January 2019	1.341.050	7.273.519	8.614.569
Profit or loss for the year brought forward	0	1.986.292	1.986.292
	1.341.050	**9.259.811**	**10.600.861**

Statement of cash flows 1 January - 31 December

All amounts in EUR.

Note		2019	2018
	Net profit or loss for the year	1.986.292	-3.873.613
20	Adjustments	2.362.790	2.355.908
21	Change in working capital	-987.802	31.938
	Cash flows from operating activities before net financials	3.361.280	-1.485.767
	Interest received, etc.	175.490	116.384
	Interest paid, etc.	-141.568	-206.569
	Cash flows from ordinary activities	3.395.202	-1.575.952
	Income tax paid	8.585	-248.451
	Cash flows from operating activities	**3.403.787**	**-1.824.403**
	Purchase of intangible assets	-23.342	-65.374
	Purchase of property, plant, and equipment	-6.857.196	-4.071.775
	Sale of property, plant, and equipment	377.730	78.000
	Purchase of fixed asset investments	-275.000	-312.224
	Sale of fixed asset investments	1	0
	Cash flows from investment activities	**-6.777.807**	**-4.371.373**
	Long-term payables incurred	0	37.144
	Repayments of long-term payables	-144.102	-3.018.812
	Change in cashpool, group	3.095.893	2.774.336
	Group grants	0	6.823.983
	Cash flows from investment activities	**2.951.791**	**6.616.651**
	Change in cash and cash equivalents	**-422.229**	**420.875**
	Cash and cash equivalents at 1 January	475.301	54.426
	Cash and cash equivalents at 31 December	**53.072**	**475.301**

	2019	2018
Cash and cash equivalents		
Cash on hand and demand deposits	53.072	475.301
Cash and cash equivalents at 31 December	**53.072**	**475.301**

Notes

All amounts in EUR.

1. Subsequent events

The rapid spread of the corona virus in Denmark and the rest of the world in March 2020 made it necessary for the Danish authorities to implement a series of restrictions, which could potentially have major socio-economic consequences. At the moment, the company is not directly affected by the restrictions implemented.

If the outbreak of corona virus turns out to be long-standing and the authorities take further measures to inhibit the spread of infection, the socio-economic consequences may become significant. In such a scenario, the company could be adversely affected. However, the authorities have already planned several initiatives as to financial support that will mitigate the consequences of the restrictions.

However, the enterprise's current and planned activities do not give rise to particular financial risks, and the company's cash resources are assessed to be adequately hedged.

In addition to the above, no other events have occurred subsequent to the balance sheet date, wich would have material impact on the financial position of the company.

	2019	2018
2. Staff costs		
Salaries and wages	4.194.146	3.896.089
Other costs for social security	53.024	48.908
Other staff costs	168.160	123.296
	4.415.330	**4.068.293**
Average number of employees	44	45

Management costs is not disclosed in accordance with section 98b of the Danish Financial Statements Act.

	2019	2018
3. Other financial costs		
Financial costs, group enterprises	120.220	54.646
Other financial costs	21.348	151.923
	141.568	**206.569**

Notes

All amounts in EUR.

		2019	2018
4.	**Tax on net profit or loss for the year**		
	Tax of the results for the year, parent company	22.858	0
	Adjustment for the year of deferred tax	628.003	-554.153
		650.861	**-554.153**
5.	**Proposed appropriation of net profit**		
	Transferred to retained earnings	1.986.292	0
	Allocated from retained earnings	0	-3.873.613
	Total allocations and transfers	**1.986.292**	**-3.873.613**

		31/12 2019	31/12 2018
6.	**Completed development projects**		
	Cost 1 January	34.000	432.358
	Additions during the year	0	8.095
	Disposals during the year	0	-406.453
	Cost 31 December	**34.000**	**34.000**
	Amortisation and writedown 1 January	-11.383	-407.209
	Amortisation for the year	-11.800	-10.627
	Reversal of depreciation, amortisation and writedown, assets disposed of	0	406.453
	Amortisation and writedown 31 December	**-23.183**	**-11.383**
	Carrying amount, 31 December	**10.817**	**22.617**

Notes

All amounts in EUR.

		31/12 2019	31/12 2018
7.	**Acqurired rights**		
	Cost 1 January	181.255	123.976
	Additions during the year	23.342	57.279
	Cost 31 December	**204.597**	**181.255**
	Amortisation and writedown 1 January	-53.459	-18.921
	Amortisation for the year	-45.730	-34.537
	Amortisation and writedown 31 December	**-99.189**	**-53.458**
	Carrying amount, 31 December	**105.408**	**127.797**
8.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 January	12.452.095	9.116.021
	Additions during the year	6.238.355	3.960.276
	Disposals during the year	-1.545.784	-695.260
	Transfers	0	71.058
	Cost 31 December	**17.144.666**	**12.452.095**
	Depreciation and writedown 1 January	-4.092.504	-3.649.132
	Depreciation for the year	-1.408.474	-984.616
	Reversal of depreciation, amortisation and writedown, assets disposed of	1.183.066	541.244
	Depreciation and writedown 31 December	**-4.317.912**	**-4.092.504**
	Carrying amount, 31 December	**12.826.754**	**8.359.591**
	Lease assets are recognised at a carrying amount of	814.588	927.004

Notes

All amounts in EUR.

		31/12 2019	31/12 2018
9.	**Property, plant, and equipment under construction including prepayments for property, plant, and equipment**		
	Cost 1 January	111.499	228.128
	Additions during the year	618.841	111.499
	Disposals during the year	-103.060	-157.070
	Transfers	0	-71.058
	Cost 31 December	**627.280**	**111.499**
	Carrying amount, 31 December	**627.280**	**111.499**

10.	**Equity investments in group enterprises**		
	Acquisition sum, opening balance 1 January	752.488	440.264
	Additions during the year	275.000	312.224
	Disposals during the year	-464.769	0
	Cost 31 December	**562.719**	**752.488**
	Revaluations, opening balance 1 January	-1.977.184	-481.845
	Results for the year	-294.858	-1.495.339
	Reversals for the year concerning disposals	464.768	0
	Revaluation 31 December	**-1.807.274**	**-1.977.184**
	Set off against debtors	1.419.040	1.393.538
	Set off against debtors and provisions for liabilities	**1.419.040**	**1.393.538**
	Carrying amount, 31 December	**174.485**	**168.842**

Group enterprises:

	Domicile	Equity interest
Agito Medical B.V.	Nieuwegein, Netherlands	100 %
Agito Medical SARL	Strasbourg, France	100 %
Agito Medical S.A.	Madrid, Spain	100 %

Notes

All amounts in EUR.

		31/12 2019	31/12 2018
11.	**Deposits**		
	Cost 1 January	61.557	61.557
	Cost 31 December	**61.557**	**61.557**
	Carrying amount, 31 December	**61.557**	**61.557**
12.	**Prepayments and accrued income**		
	Prepaid insurance	13.003	8.062
	Other prepayments	74.754	35.756
		87.757	**43.818**
13.	**Contributed capital**		
	Contributed capital 1 January	1.341.050	1.340.916
	Cash capital increase	0	134
		1.341.050	**1.341.050**

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

		31/12 2019	31/12 2018
14.	**Provisions for deferred tax**		
	Provisions for deferred tax 1 January	-512.653	358.887
	Deferred tax of the results for the year	628.003	-335.412
	Deferred tax recognised directly in equity	0	-536.128
		115.350	**-512.653**
	The following items are subject to deferred tax:		
	Intangible assets	17.477	22.742
	Property, plant, and equipment	823.053	519.347
	Losses carried forward from previous years	-725.180	-1.054.742
		115.350	**-512.653**

Notes

All amounts in EUR.

		31/12 2019	31/12 2018
15.	**Lease liabilities**		
	Total lease liabilities	507.517	651.619
	Share of amount due within 1 year	-143.458	-157.688
		364.059	**493.931**
	Share of liabilities due after 5 years	0	0
16.	**Other payables**		
	Total other payables	118.882	0
	Share of amount due within 1 year	0	0
	Total other payables	**118.882**	**0**
	Share of liabilities due after 5 years	0	0

17. Charges and security

Fixtures, fittings, tools, and equipment representing a carrying amount of EUR 814.588 at 31 December 2019, cf. note , have been financed by means of finance leases. At 31 December 2019, this lease liability totals EUR 507.517.

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

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

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

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

Notes

All amounts in EUR.

18. Contingencies (continued)

Joint taxation (continued)

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

19. Related parties

Controlling interest

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

Transactions

Transactions with related parties is made on normal market conditions why these are not disclosed in accordance with section 98c Act. 7th of the Danish Financial Statements Act.

Consolidated financial statements

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

	2019	2018
20. Adjustments		
Depreciation and amortisation	1.466.004	1.029.780
Profit from sale of fixed assets	-15.012	76.016
Income from equity investments in group enterprises	294.858	1.495.339
Other financial income	-175.489	-116.384
Other financial costs	141.568	206.569
Tax on net profit or loss for the year	650.861	-335.412
	2.362.790	**2.355.908**

21. Change in working capital		
Change in inventories	-2.051.378	1.970.821
Change in receivables	-7.953.699	-1.353.793
Change in trade payables and other payables	9.017.275	-585.090
	-987.802	**31.938**