

# Smiths Medical Danmark ApS

Ørestads Boulevard 73, 2300 København S

CVR no. 31 25 47 01

## Annual report 2020/21

Approved at the Company's annual general meeting on 21 December 2021

Chair of the meeting:

DocuSigned by:

*Nigel Bark*

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

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Smiths Medical Danmark ApS for the financial year 1 August 2020 - 31 July 2021.

The annual report is 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 July 2021 and of the results of the Company's operations for the financial year 1 August 2020 - 31 July 2021.

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, 21 December 2021  
Executive Board:

DocuSigned by:

*Nigel Bark*

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Nigel John Bark  
Director

Board of Directors:

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*Nigel Bark*

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Nigel John Bark  
Chair

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*Louis Jones*

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Louis Philip Jones

DocuSigned by:

*Roderick Hopkins*

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Lars Roderick Hopkins



## **Independent Auditor's Report**

**To the shareholder of Smiths Medical Danmark ApS**

### **Opinion**

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 July 2021, and of the results of the Company's operations for the financial year 1 August 2020 - 31 July 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Smiths Medical Danmark ApS for the Financial year 1 August 2020 - 31 July 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 are independent of the Company in accordance with the International Ethics Standard Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Statement on Management's Review**

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

### **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 going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operation, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken under the basis of these financial statements.



As part of an audit conducted in accordance with ISAs 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 misstatements 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 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.

Hellerup, 21 December 2021

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

A blue ink signature of Rasmus Friis Jørgensen, written in a cursive style.

Rasmus Friis Jørgensen  
State Authorised Public Accountant  
mne28705

A blue ink signature of Thomas Lauritsen, written in a cursive style.

Thomas Lauritsen  
State Authorised Public accountant  
mne34342

## Management's review

### Company details

Name	Smiths Medical Danmark ApS
Address, Postal code, City	Ørestads Boulevard 73, 2300 København S
CVR no.	31 25 47 01
Established	1 February 2008
Registered office	Copenhagen
Financial year	1 August 2020 - 31 July 2021
Board of Directors	Nigel John Bark, Chair Louis Philip Jones Lars Roderick Hopkins
Executive Board	Nigel John Bark, Director
Auditors	PriceWaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44, DK-2900 Hellerup

## **Management's review**

### **Business review**

The Company's mission is to sell and deliver medical products of high quality to the public and private health sector. The Company was founded in 2008 and is a sales and marketing Company wholly owned by Smiths Medical Group Limited. Customer focus is in the areas of anesthesia, intensive care, infusion therapy, home care and treatment of pain.

### **Financial review**

The income statement for 2020/21 shows a profit of DKK 803,315 against a profit of DKK 1,076,159 last year, and the balance sheet at 31 July 2021 shows equity of DKK 5,740,926.

### **Events after the balance sheet date**

On the 8th September Smiths Group announced that an offer from ICU Medical, Inc., a provider of devices used in infusion therapy and critical care applications., had been received. This offer was approved by Smiths Group shareholders on 17th November 2021 and with regulatory approval progressing well the deal is expected to close in early in calendar year 2022.

## Financial statements 1 August 2020 - 31 July 2021

## Income statement

Note	DKK	2020/21	2019/20
	<b>Gross profit</b>	7,145,710	7,983,049
2	Staff costs	-5,992,045	-6,553,403
	<b>Profit before net financials</b>	1,153,665	1,429,646
3	Financial income	3,870	8,812
	Financial expenses	-65,790	-61,853
	<b>Profit before tax</b>	1,091,745	1,376,605
4	Tax for the year	-288,430	-300,446
	<b>Profit for the year</b>	803,315	1,076,159
	<b>Recommended appropriation of profit</b>		
	Retained earnings	803,315	1,076,159
		803,315	1,076,159



**Financial statements 1 August 2020 - 31 July 2021****Balance sheet**

Note	DKK	2020/21	2019/20
	<b>ASSETS</b>		
	<b>Current assets</b>		
	<b>Inventories</b>		
	Finished goods and goods for resale	13,123	36,110
		<u>13,123</u>	<u>36,110</u>
	<b>Receivables</b>		
	Trade receivables	4,053,377	4,285,360
	Corporation tax receivable	245,336	156,620
	Other receivables	806,932	32,542
	Prepayments	80,909	139,433
		<u>5,186,554</u>	<u>4,613,955</u>
	<b>Cash</b>	<u>9,286,313</u>	<u>9,643,571</u>
	<b>Total current assets</b>	<u>14,485,990</u>	<u>14,293,636</u>
	<b>TOTAL ASSETS</b>	<u>14,485,990</u>	<u>14,293,636</u>

## Financial statements 1 August 2020 - 31 July 2021

## Balance sheet

Note	DKK	2020/21	2019/20
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	Share capital	125,000	125,000
	Retained earnings	5,615,926	4,812,611
	<b>Total equity</b>	<b>5,740,926</b>	<b>4,937,611</b>
	<b>Liabilities</b>		
5	<b>Non-current liabilities</b>		
	Other payables	471,826	432,352
	<b>Total non-current liabilities</b>	<b>471,826</b>	<b>432,352</b>
	<b>Current liabilities</b>		
	Prepayments received from customers	7,604	115,595
	Trade payables	686,722	605,026
	Payables to group enterprises	4,657,251	2,686,453
	Other payables	2,921,661	5,516,599
	<b>Total current liabilities</b>	<b>8,273,238</b>	<b>8,923,673</b>
		<b>8,745,064</b>	<b>9,356,025</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>14,485,990</b>	<b>14,293,636</b>

- 1 Accounting policies
- 6 Contractual obligations and contingencies, etc.
- 7 Collateral
- 8 Related parties

**Financial statements 1 August 2020 - 31 July 2021****Statement of changes in equity**

DKK	Share capital	Retained earnings	Total
Equity at 1 August 2019	125,000	3,736,452	3,861,452
Transfer through appropriation of profit	0	1,076,159	1,076,159
<b>Equity at 1 August 2020</b>	<b>125,000</b>	<b>4,812,611</b>	<b>4,937,611</b>
Transfer through appropriation of profit	0	803,315	803,315
<b>Equity at 31 July 2021</b>	<b>125,000</b>	<b>5,615,926</b>	<b>5,740,926</b>

## Financial statements 1 August 2020 - 31 July 2021

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Smiths Medical Danmark ApS for 2020/21 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Effective from the financial year 2020/21, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Basis of recognition and measurement

Revenue are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK).

#### Foreign currency translation

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

**Financial statements 1 August 2020 - 31 July 2021****Notes to the financial statements****1 Accounting policies (continued)****Income statement****Revenue**

The Company has chosen IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

**Gross profit**

The items revenue, cost of sales and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

**Cost of sales**

Cost of sales includes the cost of goods used in generating the year's revenue.

**Other external expenses**

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

**Staff costs**

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

**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 as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

**Tax**

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

## Financial statements 1 August 2020 - 31 July 2021

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

##### Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

##### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

##### Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

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.

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Cash

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

## Financial statements 1 August 2020 - 31 July 2021

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Equity

##### *Proposed 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".

##### Income taxes and deferred taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

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

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

**Financial statements 1 August 2020 - 31 July 2021****Notes to the financial statements**

DKK	2020/21	2019/20
<b>2 Staff costs</b>		
Wages/salaries	5,536,768	5,775,854
Pensions	393,574	379,736
Other social security costs	35,348	353,356
Other staff costs	26,355	44,457
	<u>5,992,045</u>	<u>6,553,403</u>
 Average number of full-time employees	 <u>6</u>	 <u>6</u>
 <b>3 Financial income</b>		
Interest receivable, group entities	3,289	0
Other financial income	581	8,812
	<u>3,870</u>	<u>8,812</u>
 <b>4 Tax for the year</b>		
Estimated tax charge for the year	288,430	300,446
	<u>288,430</u>	<u>300,446</u>

**5 Non-current liabilities**

Of the long-term liabilities, DKK 471,826 consists of a long-term holiday accrual.

**6 Contractual obligations and contingencies, etc.****Other contingent liabilities**

As management company, the Company is jointly taxed with other Danish group entities and is jointly and severally with other jointly taxed group entities for payment of income taxes for income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

**Other financial obligations**

Other rent and lease liabilities:

Rent and lease liabilities	<u>425,900</u>	<u>491,964</u>
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The Company has entered into a rental agreement which can be terminated with 3 months notice. Rent in the non-terminated period are DKK 29 thousand of which DKK 29 thousand is recognized as prepaid expenses. Furthermore, the Company has liabilities under operating leases for cars and IT equipment, totalling DKK 396 thousand, of which DKK 169 thousand mature within one year.

**7 Collateral**

The Company has not provided any security or other collateral in assets at 31 July 2021.



**Financial statements 1 August 2020 - 31 July 2021****Notes to the financial statements****8 Related parties****Information about consolidated financial statements**

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Smiths Medical Group Ltd.	United Kingdom	1500 Eureka Park Ashford, Kent TN25 4BF United Kingdom

**Related party transactions**

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.