Flexray Medical ApS

Speditørvej 1, 1., 9000 Aalborg

Company reg. no. 36 89 05 09

Annual report

1 July 2017 - 30 June 2018

The annual report have been submitted and approved by the general meeting on the 6 December 2018.

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Mads Vittrup
Chairman of the meeting

Contents

Notes:

- To ensure the greatest possible applicability of this document, 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 DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The executive board has today presented the annual report of Flexray Medical ApS for the financial year 1 July 2017 to 30 June 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 30 June 2018 and of the company's results of its activities in the financial year 1 July 2017 to 30 June 2018.

The executive board considers the requirements of omission of audit of the annual accounts for 2017/18 as met.

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, 3 December 2018

Executive board

Mads Vittrup
CEO & Partner

Hassan El-Azzazi
Director of Sales & Partner

Auditor's report on compilation of the annual accounts

To the shareholders of Flexray Medical ApS

We have compiled the annual accounts of Flexray Medical ApS for the period 1 July 2017 to 30 June 2018 based on the bookkeeping of the company and on further information you have provided.

The annual accounts comprise the accounting policies used, profit and loss account, balance sheet and notes.

We performed this engagement in accordance with ISRS 4410, Compilation Engagements.

We have applied our professional expertise to assist you in the preparation and presentation of the annual accounts in accordance with the Danish Financial Statements Act. We have complied with relevant requirements of the Danish Act on Approved Auditors and Audit Firms and with ethical requirements of the Danish Institute of State Authorised Public Accountants, including principles of integrity, objectivity, professional competence and due care.

The annual accounts and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile the annual accounts. Accordingly, we do not express an audit opinion or a review conclusion on whether the annual accounts are prepared in accordance with the Danish Financial Statements Act.

Aalborg, 3 December 2018

Redmark
State Authorised Public Accountants
Company reg. no. 29 44 27 89

Jens Palsgård Nørgaard
State Authorised Public Accountant
mne34289

Company data

The company	Flexray Medical ApS Speditørvej 1, 1. 9000 Aalborg
	Company reg. no. 36 89 05 09 Established: 5 May 2015 Domicile: Aalborg Financial year: 1 July - 30 June
Executive board	Mads Vittrup, CEO & Partner Hassan El-Azzazi, Director of Sales & Partner
Auditors	Redmark Statsautoriseret Revisionspartnerselskab Hasseris Bymidte 6 9000 Aalborg
Bankers	Danske Bank

Management's review

The principal activities of the company

The principal activities are sales of pre-owned and refurbished medical equipment, and related activities.

Development in activities and financial matters

The management consider the results satisfactory.

Profit and loss account 1 July - 30 June

Amounts concerning 2017/18: DKK.
Amounts concerning 2016/17: DKK in thousands.

Note		2017/18	2016/17
	Gross profit	**2.555.008**	**2.375**
1	Staff costs	-1.677.502	-1.290
	Operating profit	**877.506**	**1.085**
	Other financial income	87.263	8
	Other financial costs	-8.673	-33
	Results before tax	**956.096**	**1.060**
	Tax on ordinary results	-229.075	-255
	Results for the year	**727.021**	**805**
	Proposed distribution of the results:		
	Allocated to results brought forward	727.021	805
	Distribution in total	**727.021**	**805**

Balance sheet 30 June

Amounts concerning 2018: DKK.
Amounts concerning 2017: DKK in thousands.

Assets

Note		2018	2017
	Current assets		
	Manufactured goods and trade goods	510.977	0
	Prepayments for goods	0	335
	Inventories in total	510.977	335
	Trade debtors	2.795.223	492
	Other debtors	68.544	462
2	Amounts owed by owners and management	7.772	9
	Accrued income and deferred expenses	56.270	81
	Debtors in total	2.927.809	1.044
	Available funds	2.576.045	1.812
	Current assets in total	**6.014.831**	**3.191**
	Assets in total	**6.014.831**	**3.191**

Balance sheet 30 June

Amounts concerning 2018: DKK.
Amounts concerning 2017: DKK in thousands.

Equity and liabilities

Note		2018	2017
	Equity		
	Contributed capital	54.000	54
	Results brought forward	2.538.831	1.812
	Equity in total	**2.592.831**	**1.866**
	Provisions		
	Provisions for deferred tax	6.379	12
	Provisions in total	**6.379**	**12**
	Liabilities		
	Bank debts	39.640	119
	Trade creditors	3.175.541	907
	Corporate tax	158.938	243
	Other debts	41.502	44
	Short-term liabilities in total	3.415.621	1.313
	Liabilities in total	**3.415.621**	**1.313**
	Equity and liabilities in total	**6.014.831**	**3.191**
3	**Mortgage and securities**		
4	**Contingencies**		

Notes

Amounts concerning 2017/18: DKK.
Amounts concerning 2016/17: DKK in thousands.

	2017/18	2016/17
1. Staff costs		
Salaries and wages	1.599.109	1.270
Pension costs	19.200	3
Other costs for social security	21.748	12
Other staff costs	37.445	5
	1.677.502	**1.290**
Average number of employees	3	2

2. Amounts owed by owners and management

Category	**Interest rate**	**Amounts repaid during the financial year DKK**	**Debtors in total 30 June 2018 DKK**
Executive board	10,05	3.714	7.772

3. Mortgage and securities

There are no mortgage and securities.

4. Contingencies

Contingent liabilities

	DKK in tousands
Contingent liabilities in total	162.500

Accounting policies used

The annual report for Flexray Medical ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

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.

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.

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.

Accounting policies used

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.

At recognition of foreign group enterprises which are integrated units, the monetary items are translated by using the closing rate. Non monetary items are translated by using the exchange rate prevailing at the time of acquisition or at the time of the following depreciation or writedown of the asset. The items of the profit and loss account are translated by using the exchange rate prevailing at the date of the transaction. However, items in the profit and loss account deriving from non monetary items are translated by using historical prices.

Currency adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in the equity. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised in the equity.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, 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 trade goods, discounts, and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration, and premises.

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.

Net financials

Net financials include interest income, interest expenses, and realised and unrealised capital gainss. Net financials are recognised in the profit and loss account with the amounts concerning the financial year.

Accounting policies used

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 balance sheet

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 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.

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.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Accounting policies used

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

Mortgage debt and bank debt are for instance measured at amortised cost. As to cash loans, this corresponds to the outstanding debt of the loan. For bond loans, the amortised cost corresponds to an outstanding debt calculated as the underlying cash value at the date of borrowing adjusted by amortisation of the market value adjustment on the date of the borrowing carried out over the repayment period.

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