Flexray Medical ApS

Speditørvej 1, 1., 9000 Aalborg

Company reg. no. 36 89 05 09

Annual report

1 July 2018 - 30 June 2019

The annual report was submitted and approved by the general meeting on the 7 November 2019.

Mads Vittrup
Chairman of the meeting

Contents

	Page
Reports	
Management's report	1
Independent auditor's report on extended review	2
Management's review	
Company data	4
Management's review	5
Annual accounts 1 July 2018 - 30 June 2019	
Profit and loss account	6
Balance sheet	7
Notes	9
Accounting policies used	10

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 managing director has today presented the annual report of Flexray Medical ApS for the financial year 1 July 2018 to 30 June 2019.

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

I consider the accounting policies used appropriate, and in my opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 30 June 2019 and of the company's results of its activities in the financial year 1 July 2018 to 30 June 2019.

I am 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, 7 November 2019

Managing Director

Mads Vittrup
CEO & Partner

Independent auditor's report on extended review

To the shareholders of Flexray Medical ApS

Report on extended review of the annual accounts

Opinion

We have performed extended review of the annual accounts of Flexray Medical ApS for the financial year 1 July 2018 to 30 June 2019, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

Based on the work we have performed, we believe that the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 30 June 2019 and of the results of the company's operations for the financial year 1 July 2018 to 30 June 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We performed the extended review in accordance with the standard from the Danish Business Authority applicable on auditor's reports to small enterprises and in accordance with the standard from the Danish Institute of State Authorised Public Accountants applicable on extended review of annual accounts prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the extended review 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 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 extended review of the annual accounts

Our responsibility is to express an opinion on the annual accounts. This requires that we plan and perform our procedures with the purpose of achieving moderate assurance as to our opinion on the annual accounts. Furthermore, it requires that we perform particularly required additional procedures with a view to achieving further assurance as to our opinion.

Independent auditor's report on extended review

An extended review comprises procedures primarily comprising inquiries to the management and to other persons within the enterprise when appropriate, analytical procedures, and the particularly required additional procedures along with an evaluation of the achieved audit evidence.

The scope of the procedures performed during an extended review is less than in case of an audit, and consequently, we do not express any audit opinion on the annual accounts.

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.

In connection with our extended review 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 extended review, 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.

Violation of the Companies Act's provisions on lending to capital owners

In violation of the Danish Companies Act, the Company has granted loan to a shareholder, by which the management may be held liable.

Aalborg, 7 November 2019

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
Managing Director	Mads Vittrup, CEO & 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 2018/19: DKK.
Amounts concerning 2017/18: DKK in thousands.

Note		2018/19	2017/18
	Gross profit	**3.912.579**	**2.518**
1	Staff costs	-1.728.285	-1.640
	Depreciation and writedown relating to tangible fixed assets	-6.071	0
	Other operating costs	-87.929	0
	Operating profit	**2.090.294**	**878**
	Other financial income	12.000	87
	Other financial costs	-66.797	-9
	Results before tax	**2.035.497**	**956**
	Tax on ordinary results	-462.593	-229
	Results for the year	**1.572.904**	**727**

	Proposed distribution of the results:		
	Dividend for the financial year	305.218	0
	Allocated to results brought forward	1.267.686	727
	Distribution in total	**1.572.904**	**727**

Balance sheet 30 June

Amounts concerning 2019: DKK.
Amounts concerning 2018: DKK in thousands.

Assets

Note		2019	2018
	Fixed assets		
	Other plants, operating assets, and fixtures and furniture	29.636	0
	Tangible fixed assets in total	29.636	0
	Deposits	47.280	0
	Financial fixed assets in total	47.280	0
	Fixed assets in total	**76.916**	**0**
	Current assets		
	Manufactured goods and trade goods	2.543.580	511
	Inventories in total	2.543.580	511
	Trade debtors	1.532.700	2.795
	Other debtors	473.028	69
2	Amounts owed by owners and management	86.598	8
	Accrued income and deferred expenses	192.225	56
	Debtors in total	2.284.551	2.928
	Available funds	5.564.680	2.575
	Current assets in total	**10.392.811**	**6.014**
	Assets in total	**10.469.727**	**6.014**

Balance sheet 30 June

Amounts concerning 2019: DKK.
Amounts concerning 2018: DKK in thousands.

Equity and liabilities

Note		2019	2018
	Equity		
	Contributed capital	54.000	54
	Results brought forward	3.806.517	2.539
	Proposed dividend for the financial year	305.218	0
	Equity in total	**4.165.735**	**2.593**
	Provisions		
	Provisions for deferred tax	12.714	6
	Provisions in total	**12.714**	**6**
	Liabilities		
	Bank debts	9.745	40
	Prepayments received from customers	208.615	0
	Trade creditors	5.543.287	3.176
	Corporate tax	471.196	159
	Other debts	58.435	40
	Short-term liabilities in total	6.291.278	3.415
	Liabilities in total	**6.291.278**	**3.415**
	Equity and liabilities in total	**10.469.727**	**6.014**
3	**Mortgage and securities**		
4	**Contingencies**		

Notes

Amounts concerning 2018/19: DKK.
Amounts concerning 2017/18: DKK in thousands.

	2018/19	2017/18
1. Staff costs		
Salaries and wages	1.678.245	1.599
Pension costs	28.200	19
Other costs for social security	21.840	22
	1.728.285	**1.640**
Average number of employees	3	3

2. Amounts owed by owners and management

Category	**Interest rate**	**Amounts repaid during the financial year DKK**	**Debtors in total 30 June 2019 DKK**
Executive board	10,05	133.792	86.598

3. Mortgage and securities

There are no mortgage and securities.

4. Contingencies

Contingent liabilities

	DKK in tousands
Contingent liabilities in total	400.631

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, cost of sales, 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.

Depreciation, amortisation and writedown

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

Accounting policies used

Net financials

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

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

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 and the residual value of the individual assets:

	Useful life	Residual value
Other plants, operating assets, fixtures and furniture	5 years	0 %

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

Writedown of fixed assets

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

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.

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).

Accounting policies used

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.

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

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