

Flexray Medical ApS

Speditørvej 1, 1., 9000 Aalborg

Company reg. no. 36 89 05 09

Annual report

1 July 2019 - 30 June 2020

The annual report was submitted and approved by the general meeting on the 12 November 2020.

Mads Vittrup
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS 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 2019 to 30 June 2020.

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 2020 and of the company's results of its activities in the financial year 1 July 2019 to 30 June 2020.

I am of the opinion that the management's review includes a fair description of the issues dealt with.

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

Aalborg, 12 November 2020

Managing Director

Mads Vittrup
CEO & Partner

Independent auditor's report on extended review

To the shareholders of Flexray Medical ApS

Opinion

We have performed extended review of the annual accounts of Flexray Medical ApS for the financial year 1 July 2019 to 30 June 2020, which comprise accounting policies, 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 2020 and of the results of the company's operations for the financial year 1 July 2019 to 30 June 2020 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 financial statements. 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 financial statements.

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.

Aalborg, 12 November 2020

Redmark

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

Jens Palsgård Nørgaard

State Authorised Public Accountant
mne34289

Company information

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 commentary

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.

The expected development

In view of the great uncertainty created by COVID-19 and the uncertainty about the duration of the situation, it is not possible at present to make a reasonable assessment of the economic consequences of COVID-19. Because of this it is not possible to express a sufficiently certain expectation of revenue and profit before tax.

Income statement 1 July - 30 June

Amounts concerning 2019/20: DKK.

Amounts concerning 2018/19: DKK thousand.

<u>Note</u>	<u>2019/20</u>	<u>2018/19</u>
Gross profit	1.627.512	3.912
1 Staff costs	-1.540.956	-1.729
Depreciation and writedown relating to tangible fixed assets	-7.141	-6
Other operating costs	0	-88
Operating profit	79.415	2.089
Other financial income	46.947	12
Other financial costs	-12.386	-66
Pre-tax net profit or loss	113.976	2.035
Tax on ordinary results	-35.894	-462
Net profit or loss for the year	78.082	1.573
Proposed appropriation of net profit:		
Dividend for the financial year	0	305
Transferred to retained earnings	78.082	1.268
Total allocations and transfers	78.082	1.573

Statement of financial position at 30 June

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

Assets		
<u>Note</u>	<u>2020</u>	<u>2019</u>
Non-current assets		
Other plants, operating assets, and fixtures and furniture	22.495	29
Total property, plant, and equipment	<u>22.495</u>	<u>29</u>
Deposits	47.280	47
Total investments	<u>47.280</u>	<u>47</u>
Total non-current assets	<u>69.775</u>	<u>76</u>
Current assets		
Manufactured goods and trade goods	1.537.409	2.544
Total inventories	<u>1.537.409</u>	<u>2.544</u>
Trade debtors	1.373.054	1.533
Receivable corporate tax	21.880	0
Other debtors	577.075	473
2 Amounts owed by owners and management	0	87
Accrued income and deferred expenses	145.148	192
Total receivables	<u>2.117.157</u>	<u>2.285</u>
Available funds	<u>3.537.128</u>	<u>5.565</u>
Total current assets	<u>7.191.694</u>	<u>10.394</u>
Total assets	<u>7.261.469</u>	<u>10.470</u>

Statement of financial position at 30 June

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Equity and liabilities		
Equity		
Contributed capital	54.000	54
Results brought forward	3.884.599	3.807
Proposed dividend for the financial year	0	305
Total equity	<u>3.938.599</u>	<u>4.166</u>
Provisions		
Provisions for deferred tax	5.488	13
Total provisions	<u>5.488</u>	<u>13</u>
Liabilities other than provisions		
Bank debts	42.077	10
Prepayments received from customers	0	209
Trade creditors	2.835.317	5.544
Corporate tax	0	471
Other debts	439.988	57
Total short term liabilities other than provisions	<u>3.317.382</u>	<u>6.291</u>
Total liabilities other than provisions	<u>3.317.382</u>	<u>6.291</u>
Total equity and liabilities	<u>7.261.469</u>	<u>10.470</u>

3 Charges and security

4 Contingencies

Notes

Amounts concerning 2019/20: DKK.

Amounts concerning 2018/19: DKK thousand.

	<u>2019/20</u>	<u>2018/19</u>	
1. Staff costs			
Salaries and wages	1.458.243	1.679	
Pension costs	63.600	28	
Other costs for social security	<u>19.113</u>	<u>22</u>	
	<u>1.540.956</u>	<u>1.729</u>	
Average number of employees	<u>3</u>	<u>3</u>	
2. Amounts owed by owners and management			
	Interest	Amounts	Debtors in total
Category	rate	repaid during	30 June 2020
		the financial	DKK
		year	DKK
		DKK	
Executive board	10,05	86.598	0
3. Charges and security			
There are no mortgage and securities.			
4. Contingencies			
Contingent liabilities			
			DKK in
			thousands
Contingent liabilities in total			<u>257.992</u>

Accounting policies

The annual report for Flexray Medical ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in 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

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.

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.

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

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

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.

Financial fixed assets

Deposits

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

Inventories

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

The cost for trade goods 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.

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.

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.

Accounting policies

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).

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.