



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 933 183 947  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: SMITH & NEPHEW AS  
Forretningsadresse: Nye Vakås vei 64  
1395 HVALSTAD

### Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

### Konsern

Morselskap i konsern: Nei

### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Paul Imre Jakob Heiskanen  
Dato for fastsettelse av årsregnskapet: 26.08.2021

### Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert  
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 04.08.2022



## Resultatregnskap

Beløp i: NOK	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	2	136 566 501	138 178 639
Annen driftsinntekt	2	2 968 696	555 547
<b>Sum inntekter</b>		<b>139 535 197</b>	<b>138 734 186</b>
<b>Kostnader</b>			
Varekostnad	3	63 253 392	63 886 791
Lønnskostnad	4	37 570 708	37 427 376
Avskrivning	6	5 671 585	5 172 438
Annen driftskostnad	3, 4	33 426 142	30 086 743
<b>Sum kostnader</b>		<b>139 921 827</b>	<b>136 573 348</b>
<b>Driftsresultat</b>		<b>-386 630</b>	<b>2 160 838</b>
<b>Finansinntekter og finanskostnader</b>			
Annen finansinntekt		283 075	178 659
<b>Sum finansinntekter</b>		<b>283 075</b>	<b>178 659</b>
Rentekostnad til foretak i samme konsern		141 208	82 693
Annen finanskostnad		341 874	102 514
<b>Sum finanskostnader</b>		<b>483 082</b>	<b>185 207</b>
<b>Netto finans</b>		<b>-200 007</b>	<b>-6 548</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-586 637</b>	<b>2 154 290</b>
Skattekostnad på ordinært resultat	5	-107 418	506 081
<b>Ordinært resultat etter skattekostnad</b>		<b>-479 219</b>	<b>1 648 209</b>
<b>Årsresultat</b>		<b>-479 219</b>	<b>1 648 209</b>
<b>Overføringer og disponeringer</b>			
Overføringer annen egenkapital	10	-479 219	1 648 209
<b>Sum overføringer og disponeringer</b>		<b>-479 219</b>	<b>1 648 209</b>



### Balanse

Beløp i: NOK	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel	5	6 881 631	5 931 229
<b>Sum immaterielle eiendeler</b>		<b>6 881 631</b>	<b>5 931 229</b>
<b>Varige driftsmidler</b>			
Driftsløsøre, inventar, verktøy, kontormaskiner ol	3, 6	14 585 978	11 478 546
<b>Sum varige driftsmidler</b>		<b>14 585 978</b>	<b>11 478 546</b>
<b>Sum anleggsmidler</b>		<b>21 467 609</b>	<b>17 409 775</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Sum varer</b>	3, 7	<b>25 634 193</b>	<b>17 279 609</b>
<b>Fordringer</b>			
Kundefordringer	8	16 489 171	15 860 543
Andre fordringer	8	8 314 730	1 534 430
<b>Sum fordringer</b>		<b>24 803 901</b>	<b>17 394 973</b>
<b>Bankinnskudd, kontanter og lignende</b>			
<b>Sum bankinnskudd, kontanter og lignende</b>	9	<b>9 210 615</b>	<b>12 000 189</b>
<b>Sum omløpsmidler</b>		<b>59 648 709</b>	<b>46 674 771</b>
<b>SUM EIENDELER</b>		<b>81 116 318</b>	<b>64 084 546</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Aksjekapital	10, 11	676 000	676 000
<b>Sum innskutt egenkapital</b>		<b>676 000</b>	<b>676 000</b>



## Balanse

Beløp i: NOK	Note	2020	2019
<b>Opptjent egenkapital</b>			
Annen egenkapital	10	23 403 942	24 408 874
<b>Sum opptjent egenkapital</b>		<b>23 403 942</b>	<b>24 408 874</b>
<b>Sum egenkapital</b>		<b>24 079 942</b>	<b>25 084 874</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Pensjonsforpliktelser	12	5 609 000	5 688 000
<b>Sum avsetninger for forpliktelser</b>		<b>5 609 000</b>	<b>5 688 000</b>
<b>Annen langsiktig gjeld</b>			
<b>Sum langsiktig gjeld</b>		<b>5 609 000</b>	<b>5 688 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	8	2 494 661	6 127 039
Betalbar skatt	5	694 704	982 134
Skyldige offentlige avgifter		9 284 466	6 473 958
Annen kortsiktig gjeld	8	38 953 545	19 728 541
<b>Sum kortsiktig gjeld</b>		<b>51 427 376</b>	<b>33 311 672</b>
<b>Sum gjeld</b>		<b>57 036 376</b>	<b>38 999 672</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>81 116 318</b>	<b>64 084 546</b>



Skatteetaten

Vår dato  
10.03.2021

Din/Deres dato  
10.02.2021

Saksbehandler  
Vibeke Horne

800 80 000  
Skatteetaten.no

Din/Deres referanse

Telefon  
90518192

Org.nr  
974761076

Vår referanse  
2021/5212132

Postadresse  
Postboks 9200 Grønland  
0134 OSLO

ERNST & YOUNG AS  
Postboks 1156 Sentrum  
0107 OSLO

Att. Lars Helland

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for Smith & Nephew AS, org.nr. 933 183 947

Vi viser til deres brev av 10. februar 2021 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for Smith & Nephew AS.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering Smith & Nephew AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

### Bakgrunn

Smith & Nephew AS er eid av et utenlandsk selskap. Selskapet driver virksomhet rettet mot salg og distribusjon av medisinsk utstyr.

Engelsk er selskapets arbeidsspråk. Hovedsakelig all kommunikasjon med primære kunder og kreditorer foregår på engelsk. Selskapets aksjonærer er utenlandske personer eller selskaper (gjennom direkte og indirekte eierskap) som behersker engelsk. Styrets leder og et styremedlem er utenlandske.

### Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen [...] være på norsk. Departementet kan ved [...] enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig



prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “informative regnskaper for ulike grupper av regnskapsbrukere”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har skattekontoret lagt særlig vekt på at selskapet er direkte eid av et utenlandsk selskap. Videre er det vektlagt at selskapet driver virksomhet i en bransje der alle sentrale aktører behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Vibeke Horne  
rådgiver  
Brukerdialog, brukerkontakt  
Skatteetaten

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.*



**KPMG AS**  
Sarkedalsveien 6  
Postboks 7000 Majorstuen  
0306 Oslo

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Fax  
Internet [www.kpmg.no](http://www.kpmg.no)  
Enterprise 935 174 627 MVA

To the General Meeting of Smith & Nephew AS

## Independent auditor's report

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Smith & Nephew AS showing a loss of NOK 479 219. The financial statements comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

#### Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards 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 as required by laws and regulations, 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.

#### Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information 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 the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

#### Offices in:

Oslo	Elverum	Mo i Rana	Stord
Alta	Finnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodo	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Ålesund

Pemneo Dokumentnøkkel: WQ2J7-JMFPB-D3TMD-7D87V-GOLEL-3F5Z1



Smith & Nephew AS

## Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

## 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, 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. We 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 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors 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.

Pemneo Dokumentnøkkel: WQ2J7-JMFPB-D3TMD-7D87V-GOLEL-3F5Z1



Smith & Nephew AS

## Report on Other Legal and Regulatory Requirements

### Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

### Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 13 September 2021  
KPMG AS

Øivind Karlsen  
*State Authorised Public Accountant*  
(This document is signed electronically)

Pemseo Dokumentnøkkel: WQ2J7-JMFPB-D3TMD-7D87V-GOLEL-3F5Z1



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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

## Øivind Karlsen

Partner

På vegne av: KPMG AS

Serienummer: 9578-5997-4-377389

IP: 80.232.xxx.xxx

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**Smith & Nephew AS**

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## **Annual report 2020**

### **Board of director's report**

#### **Annual accounts**

- Income statement**
- Balance sheet**
- Cash flow statement**
- Notes**

### **Auditors' report**



Smith & Nephew AS

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# Smith+Nephew

## DIRECTOR'S REPORT FOR 2020

Smith & Nephew AS is part of the international group Smith & Nephew with 17,914 employees and a turnover of 4.560m USD. The group's parent company, Smith & Nephew PLC, is listed on the London and New York Stock Exchanges. Smith & Nephew AS is a wholly owned subsidiary of Smith & Nephew USD Ltd incorporated in the United Kingdom.

*Smith & Nephew AS was established in Norway in 1979 with one employee and with NOK 1 million in turnover. Today we are 28 employees with total sales of 139 million from wound treatment, orthopedics, and endoscopy products. The company's premises are in Asker.*

Revenue amounted to NOK 139,535,197 in 2020 which is an increase of 0,5% in comparison to 2019 (NOK 138,734,186).

Operating loss in 2020 amounted to NOK -586,637, vs. operating profit of NOK 2,154,290 in 2019. Ordinary result before tax was NOK -586,637. Net loss for the year (after taxation) was NOK -479,219.

Allocation of the loss of NOK -479,219:

Transferred to other equity	<u>-479,219</u>
Total transfers	<u>-479,219</u>

Liquidity in the company is satisfactory, and the capital structure is healthy. The company's equity amounts to NOK 24,079,942 of which NOK 676,000 is share capital.

The cash flow statement shows a negative cash flow from operating activities in amount of NOK -10,508,336. The difference in cash flow from operations and profit before tax is mainly driven by increase in inventory balance.

The Board of Directors confirm that to the best of their knowledge, the presented income statement and the balance sheet and associated notes provide complete view of the Company's operations and financial position as at 31.12.2020. The accounts have been prepared on a going concern basis in accordance with Section 3-3a of the Accounting Act.



## Smith & Nephew AS

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*There have been no circumstances following 31.12.2020 which are of significance when assessing the company and that do not appear in the annual accounts and associated notes. Overall, the impact of the COVID-19 pandemic on the company was less severe than initially expected. A decrease in revenue driven by lower levels of elective surgeries (except the most necessary) was visible in the first half of 2020 in Orthopedic Reconstruction, Sports Medicine and ENT businesses. It started to recover in the second half of the year. The company has initiated cost-saving activities to mitigate the COVID-19 effect.*

*The impact of COVID-19 is likely to continue during the first half of 2021, and while there is still uncertainty the company has maintained the ability to respond.*

Smith & Nephew AS is still the market leader in some product areas in the Norwegian market. The reorganization of the major health trusts in Norway has been going on for some time. The company takes a positive view of this situation and considers the possibility of further growth and low risk of losing the market share. The company has existing agreements with many of its major customers, which will continue in the coming year.

The company has no significant credit risk and did not have any bad debts to be written off in 2020. The customer base consists of large public customers and sole proprietorships where the volume is not large, but where closer follow-up of timely payments is required.

In 2020, the company did not have any significant research and development activities.

The working environment at the company's premises in Nye Vaks vei 64 in Asker is satisfactory. Sickness absence in the company totaled to ca.195 days in 2020, which accounted for about 3% of the total working hours in the company. The company does not operate as a polluter or otherwise to the detriment of the external environment.

The company is positive about gender equality and does not practice gender discrimination. As of 31.12.2020, the company has 28 employees. Women make up 28%.

Copenhagen, Oslo, Wrocław 26 August 2021

Imre Heiskanen  
Chairman

Stevar Klausen  
Director

Jytte Madsen  
Director



## Smith & Nephew AS

### Income statement

	Note	2020	2019
<b>Revenue</b>			
Sales revenue	2	137 680 365	138 734 186
Other operating income	2	1 854 832	0
Total revenue		<u>139 535 197</u>	<u>138 734 186</u>
<b>Operating expenses</b>			
Cost of goods	3	63 253 392	63 886 791
Payroll expenses	4	37 570 708	37 427 376
Depreciation of tangible fixed assets	6	5 671 585	5 172 438
Other operating expenses	3, 4	33 426 142	30 086 743
Total operating expenses		<u>139 921 827</u>	<u>136 573 348</u>
Operating result		<u>-386 630</u>	<u>2 160 838</u>
<b>Financial income and expenses</b>			
Other interest income		5 479	8 963
Net foreign exchange gain/(loss)		-64 278	70 145
Interest paid to group companies		141 208	82 693
Other interest expenses		0	2 963
Net financial items		<u>-200 007</u>	<u>-6 548</u>
Ordinary result before tax		<u>-586 637</u>	<u>2 154 290</u>
Tax on ordinary result	5	<u>-107 418</u>	<u>506 081</u>
<b>Net profit or loss for the year</b>		<u><b>-479 219</b></u>	<u><b>1 648 209</b></u>
<b>Allocated as follows</b>			
Transferred to other equity	10	<u>-479 219</u>	<u>1 648 209</u>



### Smith & Nephew AS

#### Balance sheet as of December 31

	Note	2020	2019
<b>Fixed assets</b>			
<i>Intangible assets</i>			
Deferred tax asset	5	<u>6 881 631</u>	<u>5 931 229</u>
Total intangible assets		<u>6 881 631</u>	<u>5 931 229</u>
<i>Tangible assets</i>			
Fixtures and fittings, tools, office machinery etc.	3, 6	<u>14 585 978</u>	<u>11 478 546</u>
Total tangible assets		<u>14 585 978</u>	<u>11 478 546</u>
Total fixed assets		<u>21 467 609</u>	<u>17 409 775</u>
<b>Current assets</b>			
Inventories	3, 7	<u>25 634 193</u>	<u>17 279 609</u>
<i>Receivables</i>			
Trade receivables	8	<u>16 489 171</u>	<u>15 860 543</u>
Other receivables	8	<u>8 314 730</u>	<u>1 534 430</u>
Total accounts receivable		<u>24 803 901</u>	<u>17 394 973</u>
Cash and cash equivalents	9	<u>9 210 615</u>	<u>12 000 189</u>
Total current assets		<u>59 648 709</u>	<u>46 674 771</u>
Total assets		<u>81 116 318</u>	<u>64 084 546</u>



**Smith & Nephew AS**

**Balance sheet as of December 31**

	Note	2020	2019
<b>Equity</b>			
<i>Paid-in capital</i>			
Share capital	10, 11	676 000	676 000
Total paid-in capital		676 000	676 000
<i>Retained earnings</i>			
Other equity	10	23 403 942	24 408 874
Total retained earnings		23 403 942	24 408 874
Total equity		24 079 942	25 084 874
<b>Liabilities</b>			
<i>Provisions</i>			
Pension liabilities	12	5 609 000	5 688 000
Total provisions		5 609 000	5 688 000
<i>Current liabilities</i>			
Trade creditors	8	2 494 661	6 127 039
Tax payable	5	694 704	982 134
Public duties payable		9 284 466	6 473 958
Other short-term liabilities	8	38 953 545	19 728 541
Total current liabilities		51 427 376	33 311 672
Total liabilities		57 036 376	38 999 672
Total equity and liabilities		81 116 318	64 084 546

31 December 2020

Copenhagen, Oslo, Wrocław 26 August 2021

Paul Imre Jakob Heiskanen  
Chairman

Stevar Klausen  
Board member

Jytte Birgit Madsen  
Board member



## Smith & Nephew AS

### Cash flow statement 01.01-31.12

	Note	2020	2019
<b>Cash flow from operating activities</b>			
Profit/(loss) before tax		-586 637	2 154 290
Taxes paid		-982 134	-2 606 218
Loss on sale of fixed assets		559 547	261 981
Depreciation		5 671 585	5 172 438
Changes in inventories, trade receivables and trade payables		-12 615 590	3 170 834
Differences in pension assets/ obligations		-752 981	-1 714 000
Changes in other current balance sheet items		-1 802 126	24 818 658
Net cash flow from operating activities		<u>-10 508 336</u>	<u>31 257 983</u>
<b>Cash flow from investing activities</b>			
Proceeds from sale of tangible fixed assets		0	324 519
Purchase of tangible fixed assets		<u>-9 338 567</u>	<u>-5 946 401</u>
Net cash flow from investing activities		<u>-9 338 567</u>	<u>-5 621 882</u>
<b>Cash flow from financing activities</b>			
Dividends paid		0	-2 000 000
Change in group company loan		<u>17 057 329</u>	<u>-21 410 787</u>
Net cash flow from financing activities		<u>17 057 329</u>	<u>-23 410 787</u>
Net change in cash and cash equivalents		-2 789 574	2 225 314
Cash and cash equivalents at 01.01		<u>12 000 189</u>	<u>9 774 875</u>
Cash and cash equivalents at 31.12		<u>9 210 615</u>	<u>12 000 189</u>



## Smith & Nephew AS

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### Notes to the accounts for 2020

#### Note - 1 Accounting Principles

The annual report has been prepared in accordance with the Norwegian Accounting Act 1998 and generally accepted accounting principles.

##### *Sales revenue*

Revenue is recognized when the goods are shipped or delivered in accordance with the contract terms. Revenue associated with provision of services is recognized when services are rendered according to contract terms.

##### *Balance sheet classification*

Assets owned or intended for perpetual use are classified as fixed assets. Assets that are expected to be sold or used as a result of standard business operations over the next year are classified as current assets. Receivables are included in current assets when maturity date is within 12 months after the balance sheet date.

The same criteria are used for current liabilities. First-year installments of long-term receivables and long-term liabilities are not classified as current assets and short-term debt.

Current assets are valued at the lower of purchase price and fair value. Short-term debt is recognized at nominal value.

Fixed assets are stated at cost of acquisition less accumulated depreciation and any impairment losses, when events or changes in circumstances indicate the carrying value may be impaired.

Long term debt is shown at nominal value.

##### *Trade and other receivables*

Trade receivables and other current receivables are carried at nominal value less any allowances for uncollectable amounts.

##### *Inventories*

Inventories are valued at the lower of purchase price and fair value on a first-in first-out basis. Adjustments to carrying value are made in the event of foreseeable obsolescence.

The equipment that is loaned to the customers is recognized in the balance sheet as tangible fixed assets.

The equipment that is sold to the customers is recognized in the balance sheet as inventory. The equipment is valued at the lower of acquisition cost and fair value. Write-downs are carried out for foreseeable obsolescence.

The equipment is depreciated over its estimated useful economic life.

##### *Foreign currency translation*

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate at the reporting date.



## Smith & Nephew AS

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### Notes to the accounts for 2020

#### *Property, plant and equipment*

Property, plant and equipment is capitalized and depreciated over its estimated useful economic life. Direct maintenance costs are expensed as incurred, whereas improvements and upgrades are assigned to the acquisition cost and depreciated in line with the asset. If carrying value of a fixed asset is higher than the estimated recoverable amount, the asset is impaired to the recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. In assessing value-in-use, its estimated future cash flow is discounted to its present value.

#### *Pensions*

Pension costs and pension liabilities are estimated on the basis of linear earnings and future salary. A number of key assumptions are made when calculating the fair value of the defined benefit pension plans. The most critical assumptions are the discount rate, future salary adjustments, pension and other payments from the national insurance fund, future return on pension funds, mortality and voluntary resignation actuarial assumptions.

The pension obligation is calculated by discounting the estimated future benefit that employees have earned in return for their service in the current and prior periods. The fair value of any plan assets is deducted to arrive at the net liability. The pension obligation is calculated by discounting the estimated future benefit that employees have earned in return for their service in the current and prior periods. The fair value of any plan assets is deducted to arrive at the net liability.

Changes in the pension obligations due to changes in pension plans are recognized over the estimated average remaining service period. Changes in pension liabilities and pension assets resulting from remeasurements, comprising actuarial gains and losses and the return on the net assets are recognised in the company's equity.

#### *Income tax*

Tax expenses in the profit and loss account comprise both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated at 22 percent on the basis of existing temporary differences between accounting profit and taxable profit together with tax deductible deficits at the year end. Temporary differences both positive and negative which balance out within the same period, are equalized. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used.

#### *Cash flow statement*

The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short term highly liquid investments with original maturities of three months or less from the date of acquisition.



## Smith & Nephew AS

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### Notes to the accounts for 2020

#### Note 2 - Sales of goods

	2020	2019
<i>By business area</i>		
Sales of goods	136 566 501	138 734 186
Other operating income	2 968 696	555 547
	<u>139 535 197</u>	<u>138 734 186</u>
<i>Geographical distribution</i>		
Norway	137 084 914	138 624 283
Sweden	0	99 585
The Netherlands	584 142	0
Denmark	0	2 964
Finland	11 309	7 354
The United Kingdom	1 854 832	0
	<u>139 535 197</u>	<u>138 734 186</u>

#### Note 3 - Transactions with group companies

The company was in 2020 charged with management fee for administration services and course fees with NOK 14 695 194.

All purchase of goods and purchase of testing equipment occur from group companies and in 2020 was charged with NOK 63 253 392.

#### Note 4 - Wage costs, number of employees, remuneration, loans to employees and auditor's fee

<i>Wage costs</i>	2020	2019
Salaries	29 829 687	28 107 651
Payroll tax	4 715 386	5 215 972
Pension costs	2 308 714	3 137 171
Other payments	716 921	966 582
Total	<u>37 570 708</u>	<u>37 427 376</u>

The total number of employees in the company during the year: 28.

#### *Management remuneration*

No remuneration was paid to the Board in 2020. No loans or securities were granted. The Company does not have a General Manager.

#### *Auditor's fee was as follows*

	2020	2019
Audit fee	141 560	105 000
Other services	32 500	24 408

VAT is not included in the figures of auditor's fee.



**Smith & Nephew AS**

**Notes to the accounts for 2020**

**Note 5 - Income taxes**

<i>Income tax expenses</i>	<b>2020</b>	<b>2019</b>
Tax payable	694 705	982 134
Change in deferred tax	-802 123	-476 053
Total income tax expense	<u>-107 418</u>	<u>506 081</u>

<i>Tax base estimation</i>	<b>2020</b>	<b>2019</b>
Ordinary result before tax	-586 637	2 154 290
Permanent differences	98 379	146 077
Pension booked to Equity	-674 000	-3 773 000
Change in temporary differences	4 320 008	5 936 877
Tax base	<u>3 157 750</u>	<u>4 464 244</u>
Tax payable	694 704	982 134

<i>Temporary differences outlined</i>	<b>2020</b>	<b>2019</b>
Fixed assets	-9 270 511	-9 017 645
Inventory	-16 400 628	-12 254 486
Pension obligations	-5 609 000	-5 688 000
Total	<u>-31 280 139</u>	<u>-26 960 131</u>

Deferred income tax liability (22%) -6 881 631 -5 931 229

<i>Effective tax rate</i>	<b>2020</b>
Expected income taxes, statutory tax rate 22%	-129 060
Permanent differences (22%)	21 642
Income tax expense	<u>-107 418</u>

Effective tax rate 18,3 %

\*) Tax expense in relation to ordinary result before tax



## Smith & Nephew AS

### Notes to the accounts for 2020

#### Note 6 - Tangible assets

	Fixtures and fittings	Running equipment, tools etc	Total
Acquisition cost 01.01.	741 071	54 814 337	55 555 408
Purchased tangibles	0	9 338 567	9 338 567
Disposals	0	-2 077 580	-2 077 580
Acquisition cost 31.12.	741 071	62 075 324	62 816 395
Acc.depreciation 31.12.	-705 369	-47 525 047	-48 230 416
Net carrying amount at 31.12.	35 702	14 550 277	14 585 979
Depreciation for the year	29 735	5 641 850	5 671 585
Useful economic life Amortization plan	3-5 år Linear	3-5 år Linear	

#### Note 7 - Inventories

	2020	2019
Purchased goods for resale	15 735 839	9 831 399
Consignment warehouse	26 298 982	19 702 696
Stock provision	-16 400 628	-12 254 486
Total	25 634 193	17 279 609

#### Note 8 - Intercompany balance group company and associate

<i>Receivables</i>	2020	2019
Trade receivables	576 327	1 040 467
Other receivables	6 835 455	0
Total	7 411 782	1 040 467
<i>Payables</i>	2020	2019
Trade creditors	1 642 911	4 750 646
Other short term liabilities	28 829 211	10 648 726
Total	30 472 122	15 399 372



## Smith & Nephew AS

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### Notes to the accounts for 2020

#### Note 9 - Bank deposit

	<b>2020</b>
Restricted bank deposits (payroll tax withholdings) at the end of the year	1 482 886

#### Note 10 - Owners equity

	Share capital	Other equity	Total
Owners equity 01.01.	676 000	24 408 874	25 084 874
Profit for the year	0	-479 219	-479 219
Pension booked to Equity	0	-525 713	-525 713
Owners equity 31.12.	676 000	23 403 942	24 079 942

#### Note 11 - Share capital and shareholder information

The company has 676 shares with a nominal value of NOK 1000 per share. The book value of share capital is NOK 676 000.

At 31 December 2020, the company's immediate parent undertaking is Smith & Nephew USD Ltd, a company incorporated in the United Kingdom.

The ultimate parent company which consolidates these financial statements is Smith & Nephew plc, which is incorporated in the United Kingdom. Copies of the group financial statements can be obtained from the company's website at [www.smith-nephew.com](http://www.smith-nephew.com).



## Smith & Nephew AS

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### Notes to the accounts for 2020

#### Note 12 - Pensions

The company has pension schemes that defines an amount of pension benefit that an employee will receive on retirement, which is dependent on various factors such as years of service, final salary and the size of the benefits from Folketrygden.

The obligations are covered through an insurance company.

The Group follows IAS 19 §93A and recognizes remeasurements arising from defined benefit plans in equity and all other expenses, such as service cost, interest income, interest expense and administration costs are recognized in the income statement.

The Company operates a defined contribution pension plan. Contributions are recognized as an employee benefit expense when they are due.

	2020	2019
Service cost	1 774 000	1 595 000
Interest cost	983 000	1 100 000
Interest (income) on Assets	-846 000	-992 000
Administration costs	35 000	38 000
Net benefit obligations	<u>1 946 000</u>	<u>1 741 000</u>
	<b>2020</b>	<b>2019</b>
Defined pension obligations	<u>38 692 000</u>	<u>41 204 000</u>
Defined pension obligations	38 692 000	41 204 000
Fair value of Assets	<u>33 083 000</u>	<u>35 516 000</u>
Net benefit obligations	<u>5 609 000</u>	<u>5 688 000</u>

#### Principal assumptions:

	2020	2019
Discount rate	1,60%	2,40%
Expected compensation increase	2,00%	2,25%
Expected return on pension plan assets	1,75%	1,50%
Expected yearly terminations	2,00%	2,00%
Expected pension increase	0,00%	0,70%

As of 31.12.2020 there were 10 employees and 7 retired in the pension scheme.



## Smith & Nephew AS

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### Notes to the accounts for 2020

#### Note 13 - Subsequent events

The business diagnosed areas where efficiencies and improvements can be made and in 2020 implemented reorganization plans, in which the company aims to centralize its supporting functions in Denmark for all Nordic countries. Those changes are to be carried out in 2021.

The Company expect the impact of COVID-19 on the customers and markets to continue in the first half of 2021, with the timing and extent of the recovery still uncertain.

The Board members are continuously monitoring the situation and assessing the impact of COVID-19 on future financial performance and cash flow. They are taking all necessary steps to protect employees, customers and stakeholders.

Management has a reasonable expectation, that the Company and the Group are well placed to manage their business risks, have sufficient funds to continue to meet their liabilities as they fall due and to continue in operational existence for a period of at least 12 months from the date of the approval of the annual accounts. The financial statements have therefore been prepared on a going concern basis.