

Draeger New Zealand Limited

Annual Report - 31 December 2021

Draeger New Zealand Limited
Directors' report
31 December 2021

The directors present their report, together with the financial statements, of the Company for the year ended 31 December 2021.

Directors

The following persons were directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Mr C David
- Mr A Hawke

Principal activities

During the year, the principal continuing activities of the Company consisted of importing, exporting and distributing hospital and medical equipment and consumables, resuscitation and emergency care equipment, gas detection equipment, breathing protection apparatus, breath alcohol detection equipment, air compression equipment, safety equipment, lifting equipment, protective clothing and the like, including maintenance, repair and testing, service and supply of spare parts and any other occupation incidental thereto. There was no significant change in the nature of the activity of the Company during the year.

Review of operations

The profit for the Company after providing for income tax amounted to \$790,611 (31 December 2020: \$825,735).

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company during the financial year.

Matters subsequent to the end of the financial year

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years..

Likely developments and expected results of operations

Information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

Environmental regulation

The Company is not subject to any significant environmental regulation under the law of New Zealand.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the New Zealand Companies Act 1993. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Draeger New Zealand Limited
Directors' report
31 December 2021

Proceedings on behalf of the company

No person has applied to the Court under the New Zealand Companies Act 1993 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) is set out immediately after this directors' report.

This report is made in accordance with the resolution of directors.

On behalf of the directors



Mr C David
Director



Mr A Hawke
Director

^{30th}
March 2022

Draeger New Zealand Limited
Contents
31 December 2021

Statement of profit or loss and other comprehensive income	4
Statement of financial position	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8
Independent auditor's report to the members of Draeger New Zealand Limited	26

General information

The financial statements cover Draeger New Zealand Limited as an individual entity. The financial statements are presented in New Zealand dollars, which is Draeger New Zealand Limited's functional and presentation currency.

Draeger New Zealand Limited is a company limited by shares, incorporated and domiciled in New Zealand. Its registered office and principal place of business are:

Registered office

Unit 4, 24 Bishop Dunn Place, East Tamaki,
Auckland 2013

The immediate parent entity of the Company is Draeger Australia Pty Ltd, a company incorporated in Australia. The ultimate parent entity of the Company is Drägerwerk AG, a company incorporated in Germany.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 March 2022. The directors have the power to amend and reissue the financial statements.

Draeger New Zealand Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2021

	Note	2021 \$	2020 \$
Continuing Operations			
Revenue from contracts with customers	3	30,340,131	23,774,606
Cost of sales		<u>(24,234,787)</u>	<u>(18,462,741)</u>
Gross profit		6,105,344	5,311,865
Expenses			
Administration expenses		(1,036,160)	(632,947)
Selling expenses		(3,333,150)	(3,070,911)
Marketing expenses		(671,297)	(496,837)
Net finance (expense) / income		<u>33,957</u>	<u>35,692</u>
Profit before income tax		1,098,694	1,146,862
Income tax expense	5	<u>(308,083)</u>	<u>(321,127)</u>
Profit for the year		<u>790,611</u>	<u>825,735</u>
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>790,611</u>	<u>825,735</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Draeger New Zealand Limited
Statement of financial position
As at 31 December 2021

	Note	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	6	499,976	499,974
Trade and other receivables	7	6,242,119	12,592,610
Inventories	8	2,486,728	2,043,018
Other current assets		12,342	5,560
Total current assets		<u>9,241,165</u>	<u>15,141,162</u>
Non-current assets			
Trade and other receivables	7	28,187	28,187
Property, plant and equipment		302,863	402,786
Deferred tax assets	9	99,092	101,216
Right-of-use assets	10	574,602	469,451
Total non-current assets		<u>1,004,744</u>	<u>1,001,640</u>
Total assets		<u>10,245,909</u>	<u>16,142,802</u>
Liabilities			
Current liabilities			
Trade and other payables	11	4,480,786	11,222,547
Provisions	12	1,109,784	1,078,780
Other liabilities	14	302,254	310,142
Lease liabilities	10	328,269	263,495
Current tax liabilities		86,881	133,334
Total current liabilities		<u>6,307,974</u>	<u>13,008,298</u>
Non-current liabilities			
Provisions	13	90,732	85,437
Other liabilities		77,274	117,865
Lease liabilities	10	248,253	200,137
Total non-current liabilities		<u>416,259</u>	<u>403,439</u>
Total liabilities		<u>6,724,233</u>	<u>13,411,737</u>
Net assets		<u>3,521,676</u>	<u>2,731,065</u>
Equity			
Contributed equity	15	722,003	722,003
Retained earnings	16	2,799,673	2,009,062
Total equity		<u>3,521,676</u>	<u>2,731,065</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Draeger New Zealand Limited
Statement of changes in equity
For the year ended 31 December 2021

	Contributed equity \$	Retained earnings \$	Total equity \$
Balance at 1 January 2020	722,003	1,183,327	1,905,330
Profit for the year	-	825,735	825,735
Balance at 31 December 2020	<u>722,003</u>	<u>2,009,062</u>	<u>2,731,065</u>

	Contributed equity \$	Retained earnings \$	Total equity \$
Balance at 1 January 2021	722,003	2,009,062	2,731,065
Profit for the year	-	790,611	790,611
Balance at 31 December 2021	<u>722,003</u>	<u>2,799,673</u>	<u>3,521,676</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Draeger New Zealand Limited
Statement of cash flows
For the year ended 31 December 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		38,649,395	25,245,995
Payments to suppliers and employees (inclusive of GST)		<u>(40,405,932)</u>	<u>(19,645,255)</u>
		(1,756,537)	5,600,740
Income taxes paid		(352,412)	(227,223)
Interest received		56,116	98,840
Interest paid		<u>(12,620)</u>	<u>(28,108)</u>
Net cash provided by / (used in) operating activities	20	<u>(2,065,453)</u>	<u>5,444,249</u>
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(79,970)	(174,254)
Repayment / (issuance) of loan receivable from related party		2,534,228	(2,500,000)
Proceeds from disposal of property, plant and equipment		<u>700</u>	<u>226,400</u>
Net cash provided by / (used in) investing activities		<u>2,454,958</u>	<u>(2,447,854)</u>
Cash flows from financing activities			
Repayment of lease liability		(389,503)	(420,916)
Proceeds (repayment) of related party loans		<u>-</u>	<u>(2,575,486)</u>
Net cash inflow from financing activities		<u>(389,503)</u>	<u>(2,996,402)</u>
Net increase (decrease) in cash and cash equivalents		2	(7)
Cash and cash equivalents at the beginning of the year		<u>499,974</u>	<u>499,981</u>
Cash and cash equivalents at the end of the year		<u><u>499,976</u></u>	<u><u>499,974</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Draeger New Zealand Limited
Notes to the financial statements
31 December 2021

Note 1. Significant accounting policies

The financial statements are for Draeger New Zealand Limited ('the Company'). This note provides a list of all significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

During the year, the principal continuing activities of the Company consisted of importing, exporting and distributing hospital and medical equipment and consumables, resuscitation and emergency care equipment, gas detection equipment, breathing protection apparatus, breath alcohol detection equipment, air compression equipment, safety equipment, lifting equipment, protective clothing and the like, including maintenance, repair and testing, service and supply of spare parts and any other occupation incidental thereto.

Basis of preparation

Draeger New Zealand Limited is a company registered under the New Zealand Companies Act 1993. The financial statements have been prepared in accordance with the Financial Reporting Act 2013 and the Companies Act 1993.

(i) Compliance with NZ IFRS

The financial statements of the Draeger New Zealand Limited have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). Draeger New Zealand Limited is a for-profit entity for the purposes of complying with NZ GAAP. The financial statements comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime ('NZ IFRS RDR'), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS RDR.

The Company is eligible and has elected to report in accordance with Tier 2 For-profit Accounting Requirements (NZ IFRS RDR) on the basis that the Company has no public accountability and is not a large for-profit public sector entity. In applying NZ IFRS RDR, the Company has applied a number of disclosure concessions.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis.

(iii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Company. The Company's assessment indicates that there are no new Accounting Standards or interpretations that have been issued but are not yet effective with an expected material impact on the Company's financial statements in the period of initial application.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in New Zealand dollars (\$), which is Draeger New Zealand Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Note 1. Significant accounting policies (continued)

Foreign currency translation (continued)

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Revenue is recognised for the major business activities using the methods outlined below.

(i) Sale of goods

Revenue from the sale of goods is recognised when (or as) the Company satisfies a performance obligation by transferring a promised good to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Control of an asset refers to the ability to

- direct the use of, and
- obtain substantially all of the remaining benefits from, the asset.

Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset. The benefits of an asset are the potential cash flows (inflows or savings in outflows) that can be obtained directly or indirectly in many ways.

(ii) Rendering of services

In the event of a sale of products combined with a maintenance/service contract the contract shall be divided into the product delivery component and the service/ maintenance component based on the stand-alone selling price.

(iii) Extended guarantee periods

In the case of extended warranties, where the sale agreement grants the buyer warranties to an extent and/or for a duration in excess of the Company Standard warranty of 12 months, the value for the extended warranty is usually invoiced upon delivery of the product in question and then neutralised by a deferred income item. The deferred income must then be released to income over the life of the extended warranty period.

(iv) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(v) Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Note 1. Significant accounting policies (continued)

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Note 1. Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts (if any), which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 - 60 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Company applies the NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets, as disclosed in note 7.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2021 or 1 January 2021 respectively and the corresponding historical credit losses experienced within this period.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Inventories

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Investments and other financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Note 1. Significant accounting policies (continued)

Investments and other financial assets (continued)

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

Plant and equipment	2-10 years
Office furniture	5-10 years
Motor vehicles	5 Years
Leasehold improvements	Life of the lease

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Note 1. Significant accounting policies (continued)

Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g., term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Company revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Company.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Note 1. Significant accounting policies (continued)

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the year of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the year of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting year.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Note 1. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefits

The liabilities for long service leave that is not expected to be wholly settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Draeger New Zealand Limited
Notes to the financial statements
31 December 2021

Notes to the financial statements

Note 3. Revenue

	2021	2020
	\$	\$
(a) Revenue from contracts with customers		
Sale of goods	29,120,760	22,765,161
Rendering of services	1,068,994	867,008
Extended warranties	150,377	142,437
	<u>30,340,131</u>	<u>23,774,606</u>

Disaggregation of revenue

The Company derives revenue from the transfer of goods and services over time and at point in time as follows:

	Sale of goods	Rendering of services	Extended warranties	Total
	\$	\$	\$	
2020				
Timing of revenue recognition				
At a point in time	22,765,161	-	-	22,765,161
Over time	-	867,008	142,437	1,009,445
	<u>22,765,161</u>	<u>867,008</u>	<u>142,437</u>	<u>23,774,606</u>
2021				
Timing of revenue recognition				
At a point in time	29,120,760	-	-	29,120,760
Over time	-	1,068,994	150,377	1,219,371
	<u>29,120,760</u>	<u>1,068,994</u>	<u>150,377</u>	<u>30,340,131</u>

(b) Assets and liabilities related to contracts with customers

	2021	2020
	\$	\$
Current contract assets	32,736	53,068
Loss allowance	(13)	(22)
Total contract assets	<u>32,723</u>	<u>53,046</u>
Non-contract asset recognised for costs incurred to fulfil a contract	<u>(302,254)</u>	<u>(310,142)</u>
Total current contract liabilities	<u>(302,254)</u>	<u>(310,142)</u>

Draeger New Zealand Limited
Notes to the financial statements
31 December 2021

Notes to the financial statements

Note 4. Expenses

	2021	2020
	\$	\$
Employee benefits expenses	3,898,070	3,768,639
Depreciation	574,665	594,793
Bad debt expenses	4,864	28,445
Net foreign exchange gain included in other income for the year	(32,353)	(17,584)

Note 5. Income tax expense

	2021	2020
	\$	\$
(a) Income tax expense		
Current tax		
Current tax on profit for the year	306,240	327,435
Adjustments for current tax of prior periods	(281)	(58,058)
Total current tax expenses	<u>305,959</u>	<u>269,377</u>
Deferred income tax		
Increase in deferred tax	2,124	51,750
Total deferred tax expense	<u>2,124</u>	<u>51,750</u>
Income tax expense		
Income tax expense is attributable to:		
Profit from continuing operations	<u>308,083</u>	<u>321,127</u>

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2021	2020
	\$	\$
Profit from continuing operations before income tax expense	1,098,694	1,146,862
Tax at the New Zealand tax rate 28.0% (2020 - 28.0%)	307,634	321,121
Prior year over provision of income tax	(281)	(58,058)
in calculating taxable income:		
Effect of expenses that are not deductible in determining taxable profit	730	58,064
Income tax expense	<u>308,083</u>	<u>321,127</u>

Draeger New Zealand Limited
Notes to the financial statements
31 December 2021

Notes to the financial statements

Note 6. Current assets - cash and cash equivalents

	2021	2020
	\$	\$
Cash at bank and in hand	<u>499,976</u>	<u>499,974</u>

Note 7. Current & Non-current assets - trade and other receivables

	2021	2020
	\$	\$
Current		
Trade receivables	6,183,490	9,787,938
Allowance for expected credit losses	<u>(6,486)</u>	<u>(4,764)</u>
	6,177,004	9,783,174
Amounts receivable from related parties	32,392	256,368
Other financial assets at amortised cost - from related party	-	2,500,000
Contract assets	<u>32,723</u>	<u>53,068</u>
	<u>6,242,119</u>	<u>12,592,610</u>
Non-Current		
Security deposit	<u>28,187</u>	<u>28,187</u>

Note 8. Current assets - Inventories

	2021	2020
	\$	\$
Demo equipment	23,594	13,582
Work in progress	340,181	229,785
Finished goods - at cost	2,448,408	2,123,998
Provision for inventory obsolescence	<u>(325,455)</u>	<u>(324,347)</u>
	<u>2,486,728</u>	<u>2,043,018</u>

Amounts recognised in profit or loss

Inventories recognised as expense during the year ended 31 December 2021 amounted to \$21,846,611 (2020: \$15,104,982). These were included in the cost of sales.

Write-downs of inventories to net realisable value amounted to \$292,840 (2020: \$324,347). Write-downs are recognised as an expense when incurred and have been included in 'cost of sales' in the statement of profit or loss and other comprehensive income.

Draeger New Zealand Limited
Notes to the financial statements
31 December 2021

Notes to the financial statements

Note 9. Non-current assets - Deferred tax assets

	2021	2020
	\$	\$
The balance comprises temporary differences attributable to:		
Bad debt allowance	1,816	1,334
Employee provisions	80,145	79,947
Lease liabilities	161,426	129,817
Other	31,079	25,350
Other plant, factory and office equipment	(14,485)	(3,786)
Right-of-use assets	(160,889)	(131,446)
Deferred tax assets	<u>99,092</u>	<u>101,216</u>

Note 10. Leases

This note provides information for leases where the Company is a lessee.

(a) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2021	2020
	\$	\$
Right-of-use assets		
Land and buildings	114,118	250,494
Vehicles	456,729	210,524
Factory and office equipment	3,755	8,433
	<u>574,602</u>	<u>469,451</u>
Lease Liabilities		
Current	(328,269)	(263,495)
Non-current	(248,253)	(200,137)
	<u>(576,522)</u>	<u>(463,632)</u>

(b) Amounts recognised in the Statement of profit or loss and other comprehensive income

The Statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	2021	2020
	\$	\$
Depreciation charge of right-of-use assets		
Land and buildings	142,599	126,495
Vehicles	250,636	237,648
Factory and office equipment	4,678	4,613
	<u>397,913</u>	<u>368,756</u>
Interest expense (included in other income)	16,863	21,706
Expense relating to short-term leases (included in administration expenses)	11,534	3,780
Expense relating to variable lease payments not included in lease liabilities (included in maintenance and repair expenses)	18,449	-

The total cash outflow for leases in 2021 was \$406,366 (2020: \$420,916).

Notes to the financial statements

Note 10. Leases (continued)

(c) The Company's leasing activities and how these are accounted for

The Company leases various office spaces, vehicles and forklifts. Rental contracts are typically made for fixed years of 13 months to 10 years but may have extension options.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

(d) Residual value guarantees

The Company does not provide residual value guarantees in relation to leases.

Note 11. Current liabilities - trade and other payables

	2021	2020
	\$	\$
Trade payables	339,091	199,681
Amounts payable to related parties	3,592,681	7,053,984
GST payable	241,236	783,030
Customer contract liabilities	144,477	3,135,351
Other payables	163,301	50,501
	<u>4,480,786</u>	<u>11,222,547</u>

Note 12. Provisions

	2021	2020
	\$	\$
Current		
Employee benefits	344,763	285,526
Provision for warranties	160,023	91,474
Employee bonus	604,998	699,058
Make good provision	-	2,722
	<u>1,109,784</u>	<u>1,078,780</u>

Draeger New Zealand Limited
Notes to the financial statements
31 December 2021

Notes to the financial statements

Note 12. Provisions (continued)

Movements in each class of provision during the financial year are set out below:

	Employee benefits \$	Provision for warranties \$	Make good provision \$	Employee bonus \$	Total \$
Carrying amount at start of year	285,526	91,474	2,722	699,058	1,078,780
Amounts used during the year	(193,806)	-	(2,722)	(699,058)	(895,586)
Additional provision recognised	253,043	68,549	-	604,998	926,590
Carrying amount at end of year	<u>344,763</u>	<u>160,023</u>	<u>-</u>	<u>604,998</u>	<u>1,109,784</u>

	Employee benefits \$	Provision for warranties \$	Make good provision \$	Employee bonus \$	Total \$
Amount to be settled within 12 months (current)	344,763	160,023	-	604,998	1,109,784
Amounts to be settled after 12 months (non-current)	-	-	90,732	-	90,732
	<u>344,763</u>	<u>160,023</u>	<u>90,732</u>	<u>604,998</u>	<u>1,200,516</u>

Note 13. Current liabilities - Other

	2021 \$	2020 \$
Deferred revenue	<u>302,254</u>	<u>310,142</u>

Note 14. Contributed equity

(a) Share capital

	2021 Shares	2020 Shares	2021 \$	2020 \$
Ordinary shares Fully paid	<u>722,003</u>	<u>722,003</u>	<u>722,003</u>	<u>722,003</u>

(b) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds of winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Draeger New Zealand Limited
Notes to the financial statements
31 December 2021

Notes to the financial statements

Note 15. Retained earnings

	2021	2020
	\$	\$
Movements in retained earnings were as follows:		
Balance 1 January	2,009,062	1,183,327
Net profit for the year	790,611	825,735
Balance 31 December	<u>2,799,673</u>	<u>2,009,062</u>

Note 16. Dividends

No dividends have been paid during the financial year. The directors do not recommend that a dividend be paid in respect of the financial year (2020: \$nil).

(a) Franked dividends

	2021	2020
	\$	\$
Franking credits available for subsequent reporting periods based on a tax rate of 28.0% (2020 - 28.0%)	<u>1,003,557</u>	<u>651,145</u>

Note 17. Contingencies

The Company had no contingent liabilities at 31 December 2021 (2020: nil).

Note 18. Related party

(a) Parent entities

The parent entity is Draeger Australia Pty Ltd, a company incorporated in Australia, which at 31 December 2021 owns 100% (2020: 100%) of the issued ordinary shares of Draeger New Zealand.

The ultimate parent entity is Dragerwerk AG, a company incorporated in Germany, which at 31 December 2021 owns 100% (2020: 100%) of the issued ordinary shares of Draeger Australia Pty Ltd.

(b) Key management personnel compensation

	2021	2020
	\$	\$
Total key management personnel compensation	<u>315,752</u>	<u>138,309</u>

The remuneration of directors and key executives is determined by the Dragerwerk AG (ultimate parent controlling party of the Company) having regard to the performance of individuals and market trends.

Draeger New Zealand Limited
Notes to the financial statements
31 December 2021

Notes to the financial statements

Note 18. Related party transactions (continued)

(c) Transactions with other related

The following transactions with related parties:

	2021	2020
	\$	\$
<i>Sales and purchases of goods and services</i>		
Sales of goods to Draeger Australia Pty Ltd	150,377	142,437
Purchases of goods from Draeger Australia Pty Ltd	(4,738,423)	(4,124,695)
Purchases of goods from Draeger Medical System, Inc.	(368,400)	(306,292)
Purchases of goods from Draeger Safety UK Limited	(411,524)	(160,712)
Purchases of goods from Draeger Safety AG & Co. KGaA	(12,537,852)	(4,411,779)
Purchases of goods from Draeger Safety Canada	-	(31,175)
Purchases of goods from Dragerwerk AG & Co. KGaA	(6,043,862)	(7,983,077)

Purchases of goods were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.

(d) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting year in relation to transactions with related parties:

	2021	2020
	\$	\$
Amounts owed by related parties		
Other Draeger Group subsidiaries	<u>32,465</u>	<u>19,353</u>
Amounts owed to related parties		
Dragerwerk AG & Co. KGaA	(2,947,672)	(3,592,305)
Draeger Australia Pty Ltd	(348,511)	(2,434,379)
Draeger Medical System, Inc.	-	(53,381)
Draeger Safety UK Limited	(11,900)	(5,735)
Draeger Safety AG & Co. KGaA	(247,468)	(733,773)
	<u>(3,555,551)</u>	<u>(6,819,573)</u>

(e) Loans to/from related parties

	2021	2020
	\$	\$
<i>Loans from Dragerwerk AG (the ultimate controlling party of the Group)</i>		
Beginning of the year	-	(2,562,165)
Loans repaid	-	2,575,486
Interest charged	-	(13,321)
End of year	<u>-</u>	<u>-</u>
<i>Loans to Dragerwerk AG (the ultimate controlling party of the Group)</i>		
Beginning of the year	2,543,767	-
Loans issued	-	2,500,000
Loans repaid	(2,534,228)	-
Interest charged	(9,539)	43,767
End of year	<u>-</u>	<u>2,543,767</u>

Draeger New Zealand Limited
Notes to the financial statements
31 December 2021

Notes to the financial statements

Note 19. Events after the reporting

No matters or circumstances have arisen since the year ended 31 December 2021 that significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Note 20. Cash Flow Reconciliation

(a) Reconciliation of profit after income tax to net cash inflow from operating activities

	2021	2020
	\$	\$
Profit for the year	790,611	825,735
Adjustment for:		
Depreciation and amortisation	574,665	318,055
Loss (Gain) on disposal of assets	2,442	(2,204)
Write off of right of use assets	-	123,732
Interest repayment on related party loans	-	13,322
Changes in operating assets and liabilities:		
- Decrease (increase) in trade receivables	3,806,724	(1,910,457)
- Increase in inventories	(443,710)	(315,017)
- Decrease in deferred tax assets	2,124	51,749
- Decrease in other assets	(6,890)	17,920
- Decrease in customer deposit	(56,367)	(189,235)
- Increase/(decrease) in trade and other payables	(6,741,761)	6,089,747
- Increase/(decrease) in other operating liabilities	16,863	21,719
- Increase/(decrease) in income taxes payable	(46,453)	42,155
- Increase in other provisions	36,299	357,027
	<u>36,299</u>	<u>357,027</u>
Net cash provided by / (used in) operating activities	<u>(2,065,453)</u>	<u>5,444,248</u>



Independent auditor's report

To the shareholder of Draeger New Zealand Limited

Our opinion

In our opinion, the accompanying financial statements of Draeger New Zealand Limited (the Company), present fairly, in all material respects, the financial position of the Company as at 31 December 2021, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

We have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2021;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cashflows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331 MELBOURNE VIC 3001
T: +61 3 8603 1000, F: +61 3 8603 1999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



Who we report to

This report is made solely to the Company's shareholder. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholder for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Ben Gargett.

For and on behalf of:

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers
Chartered Accountants
30 March 2022

Melbourne

I, Ben Gargett, am currently a member of Chartered Accountants Australia & New Zealand and my membership number is 49976.

PricewaterhouseCoopers was the audit firm appointed to undertake the audit of Draeger New Zealand Limited for the year ended 31 December 2021. I was responsible for the execution of the audit and delivery of our firm's auditor's report. The audit work was completed on 30 March 2022 and an unqualified opinion was issued.

A handwritten signature in cursive script that reads 'Ben Gargett'.

Ben Gargett