

Company Registration No. 681251 (England and Wales)

**SMITH & NEPHEW (OVERSEAS) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

# SMITH & NEPHEW (OVERSEAS) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	S.M. Swabey T.J. Allison
<b>Company number</b>	681251
<b>Registered office</b>	Building 5 Croxley Park Hatters Lane Watford Hertfordshire WD18 8YE
<b>Auditors</b>	KPMG LLP 15 Canada Square London United Kingdom E14 5GL

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# SMITH & NEPHEW (OVERSEAS) LIMITED

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# SMITH & NEPHEW (OVERSEAS) LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

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The Directors present the strategic report and financial statements for the year ended 31 December 2019.

#### Review of the business

The principal activity of the Company is that of acting as an investment holding company for the overseas trading companies within the Smith & Nephew Group.

The Company's main source of income is through brand royalties.

The operating profit for the year amounted to \$118,330,000 (2018: \$102,852,000). The profit for the year after taxation was \$118,068,000 (2018: \$102,490,000). The Directors do not recommend the payment of a dividend for the year ended 31 December 2019 (2018: \$nil).

The results for the year and the financial position at the year end were considered satisfactory by the Directors who expect continued growth in the foreseeable future.

#### Principal risks and uncertainties

The principal risks facing the Company are a decrease in the recoverable value of the investments in subsidiary undertakings to below cost value, which would occur if there was a decline in the performance of the underlying subsidiaries and therefore a reduction in the brand royalties received by the Company.

#### COVID-19 and going concern

Since the balance sheet date, the COVID-19 pandemic has spread across the world. This has adversely impacted the elective surgeries market in which the company's subsidiaries operate worldwide. The COVID-19 pandemic has, at the time of approving these financial statements, had no adverse impact on the Company. Uncertainty as to the length of the pandemic and the related measures to combat it mean that the 2020 full year impact cannot yet be known. The Company has received a letter of support from its parent company, Smith & Nephew plc, indicating that it will receive the financial and other support necessary for the Company to trade and meet its liabilities as and when they become due for a period of at least twelve months from the date of signing of these financial statements.

After making due enquiries and considering the impact of COVID-19 and the support available from the parent company described above, the directors have a reasonable expectation that the Company has adequate resources to continue in operation for at least 12 months from the date of signing of these financial statements. These considerations included the impact of COVID-19 on the wider Smith & Nephew group, the Smith & Nephew group's directors' assessment of going concern (as set out in its interim results announcement dated 29 July 2020 and available at <https://www.smith-nephew.com/investor-centre/reporting/current-quarterly-results/>) Accordingly, the financial statements have been prepared on the going concern basis.

#### S.172 Companies Act 2006 Statement

The Board of Smith & Nephew plc, ultimate parent company of the Company has identified its key stakeholders and in effect also the Group's. It has taken their interests into consideration when making decisions, in accordance with the Directors' section 172 duties of the Companies Act 2006 and the UK Corporate Governance Code 2018. This is noted in detail on pages 84 and 85 within Smith & Nephew Plc's Annual Report and Accounts for the year ended 31 December 2019. As the Company forms part of the Group, the framework adopted by the ultimate parent has been disseminated and applied by the Company as a subsidiary. In addition to this, consideration has been had at the Company specific level. The relevant issues, factors and stakeholders, with whom the Directors have had regard to during the year, are reported in detail on pages 3 to 4.

# SMITH & NEPHEW (OVERSEAS) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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On behalf of the Board

*Simon M. Swabey*

S.M. Swabey

**Director**

Building 5

Croxley Park

Hatters Lane

Watford

Hertfordshire

WD18 8YE

Date .... *19 November 2020*

# SMITH & NEPHEW (OVERSEAS) LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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The Directors of Smith & Nephew (Overseas) Limited, (the "Company"), present the Directors' report and financial statements for the year ended 31 December 2019.

### Principal activities

The principal activity of the Company is that of acting as an investment holding company for the overseas trading companies within the Smith & Nephew Group.

The Company's main source of income is through brand royalties. As a holding company, the Directors do not consider it necessary to disclose Key Performance Indicators.

### Results and dividends

The results for the year are set out on page 11.

The profit after taxation for the year amounted to \$118,068,000 (2018: \$102,490,000). The Directors do not recommend the payment of a dividend for the year ended 31 December 2019 (2018: \$0).

No preference dividends were paid. The directors do not recommend payment of a final dividend.

### Directors

The Directors, who served throughout the year and to the date of signing the annual report except as noted, were as follows:

S.M. Swabey

T.J. Allison

### Indemnity

The Company's ultimate parent company, Smith & Nephew plc, has made qualifying third party indemnity provision for the benefit of the Company's Directors which were in place throughout the year and which remain in place at the date of approval of this report.

### Political donations

No political donations were made during the year (2018: \$nil).

### Stakeholder Engagement

The Board is aware of an overlap between the Group's key stakeholders and some of the Company's key stakeholders. In those instances, it is felt that the actions driven from Smith & Nephew plc for the Group and its approach to those stakeholders in particular are relevant and therefore should and have been adopted by the Company. This is because in practice, decisions and policies affecting section 172 factors are often taken or made at the group level.

Notwithstanding this, the Board has considered their duties to the Company and its stakeholders. The information below notes the principal stakeholders of the Company and the decisions made by Directors with regard for them.

# SMITH & NEPHEW (OVERSEAS) LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### ***Suppliers, Customers and Others - Inter Group Companies***

The Company's principal activity is acting as an investment holding Company for the overseas trading companies within the Group.

The principal stakeholders, including suppliers and customers, who are integral to the success of the Company in achieving its purpose are fellow inter Group companies. The Directors do not therefore consider extensive stakeholder engagement as necessary.

### ***Government and Regulators***

The Company operates in a heavily regulated industry and it is imperative to the Company that it continues to act within the scope of all applicable laws and regulations which govern its business and operations.

Both the current Directors are familiar with the relevant laws and regulations applicable to the Company and are aware of their duties under the Companies Act 2006.

In addition, as the Directors are employed by the Group, whilst separate from their role as Board members, their induction and knowledge of the business gained as employees add to their abilities and skills as Directors of the Company. It also means they are subject to a comprehensive suite of mandatory training throughout the year including the Group's Code of Conduct and Business Principles, which sets out the legal and ethical principles for the Company in conducting business.

These factors ensure that the Directors have regard to this Group and its effect of such regard is demonstrated by the Company operating within the scope of all applicable laws and regulations which govern its business and operations as well as maintaining a reputation for high standards of business conduct.

### ***Employees***

The Company has no employees.

# SMITH & NEPHEW (OVERSEAS) LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### Events after the reporting date

#### COVID-19

Since the balance sheet date, the COVID-19 pandemic has spread across the world. This has adversely impacted the elective surgeries market in which the Company's subsidiaries operate worldwide. This is considered a non-adjusting post-balance sheet event and the impact of COVID-19 will be reported in the 2020 financial statements. The COVID-19 pandemic has, at the time of approving these financial statements, had no adverse impact on the Company. Uncertainty as to the length of the pandemic and the related measures to combat it mean that the 2020 full year impact, including any impact on the carrying value of the Company's investment in subsidiaries cannot yet be known.

#### FX Litigation Case

In December 2016, the Company appealed to the First Tier Tribunal against a decision by HM Revenue and Customs (HMRC) relating to the UK tax deductibility of historical foreign exchange losses. The decision of the First Tier Tribunal upheld the Company's appeal. HMRC's subsequent appeal was heard by the Upper Tribunal in June 2018 which upheld the decision of the First Tier Tribunal. HMRC was granted leave to appeal in the Court of Appeal, which was heard in October 2019 and (following adjournment) in January 2020. In March 2020 the Court of Appeal published its decision, again upholding the Company's position. In June 2020, the Company received confirmation that HMRC will not appeal to the Supreme Court, making the Company's right to the deductions conclusive.

Accordingly, the benefit of these deductions will be recognised in the Company's tax account in the year of success, being the year ending 31 December 2020. No tax benefit for these losses has been recognised to date. In 2020, the Company has received a tax refund of \$68m. In addition, remaining losses of \$246m will be potentially available to offset future profits, the recognition will be considered in the year ending 31 December 2020.

#### Other

On 26 June 2020 Smith & Nephew (Overseas) Limited received a preference dividend of \$188,221,744 from Smith & Nephew ARTC Limited as well as a capital repayment of \$1,769,999,999. On 26 June 2020 Smith & Nephew (Overseas) Limited paid a dividend of \$550,000,000 to Smith & Nephew Plc.

### Future developments

The Directors do not anticipate any significant change in the activities and results of the Company in the foreseeable future.

### Going concern statement

Despite the current economic uncertainties arising from the COVID-19 outbreak, the Directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

### Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

### Statement of disclosure to Auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

# SMITH & NEPHEW (OVERSEAS) LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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On behalf of the Board

.....*S.M. Swabey*

S.M. Swabey

**Director**

Building 5

Croxley Park

Hatters Lane

Watford

Hertfordshire

WD18 8YE

Date: .....*19 November 2020*

Company Registration No. 681251

# SMITH & NEPHEW (OVERSEAS) LIMITED

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

# SMITH & NEPHEW (OVERSEAS) LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SMITH & NEPHEW (OVERSEAS) LIMITED

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#### Opinion

We have audited the financial statements of Smith & Nephew (Overseas) Limited ("the Company") for the year ended 31 December 2019 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

# SMITH & NEPHEW (OVERSEAS) LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF SMITH & NEPHEW (OVERSEAS) LIMITED

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#### **Strategic report and Directors' report**

The Directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

#### **Matter on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 7, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) 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 the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

# SMITH & NEPHEW (OVERSEAS) LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF SMITH & NEPHEW (OVERSEAS) LIMITED

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#### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Zulfikar Walji (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants  
15 Canada Square  
London  
United Kingdom  
E14 5GL

Date.....19 November 2020

# SMITH & NEPHEW (OVERSEAS) LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

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	Notes	2019 \$'000	2018 \$'000
Operating income	2	121,217	104,973
Administrative expenses		(2,887)	(2,121)
<b>Operating profit</b>	<b>3</b>	<u>118,330</u>	<u>102,852</u>
Interest income from group undertakings	5	1	8
<b>Profit before taxation</b>		<u>118,331</u>	<u>102,860</u>
Tax on profit	6	(263)	(370)
<b>Profit for the financial year</b>		<u><u>118,068</u></u>	<u><u>102,490</u></u>

The accompanying notes on pages 15 to 29 form part of the financial statements.

# SMITH & NEPHEW (OVERSEAS) LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

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	<b>2019</b> <b>\$'000</b>	<b>2018</b> <b>\$'000</b>
<b>Profit for the year</b>	118,068	102,490
	<u>          </u>	<u>          </u>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Exchange differences on branch reserves	(68)	95
	<u>          </u>	<u>          </u>
<b>Total items that will not be reclassified to profit or loss</b>	(68)	95
	<u>          </u>	<u>          </u>
<b>Total other comprehensive (loss)/income for the year</b>	(68)	95
	<u>          </u>	<u>          </u>
<b>Total comprehensive income for the year</b>	118,000	102,585
	<u>          </u>	<u>          </u>

The accompanying notes on pages 15 to 29 form part of the financial statements.

# SMITH & NEPHEW (OVERSEAS) LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 \$'000	2018 \$'000
<b>Fixed assets</b>			
Intangible assets	7	68	76
Investments	8	6,940,002	6,940,002
		<u>6,940,070</u>	<u>6,940,078</u>
<b>Current assets</b>			
Debtors	9	311,248	187,440
Taxation		-	560
Cash at bank and in hand		249	112
		<u>311,497</u>	<u>188,112</u>
<b>Creditors: amounts falling due within one year</b>			
Trade creditors and other payables	10	5,469	1,066
Taxation		974	-
		<u>305,054</u>	<u>187,046</u>
<b>Net current assets</b>			
		<u>305,054</u>	<u>187,046</u>
<b>Total assets less current liabilities</b>		<u>7,245,124</u>	<u>7,127,124</u>
<b>Net assets</b>		<u>7,245,124</u>	<u>7,127,124</u>
<b>Capital and reserves</b>			
Called up share capital	11	1,660,146	1,660,146
Share premium account	12	4,133,082	4,133,082
Revaluation reserve	13	1,055,033	1,055,033
Profit and loss account		396,863	278,863
		<u>7,245,124</u>	<u>7,127,124</u>
<b>Total equity</b>		<u>7,245,124</u>	<u>7,127,124</u>

The financial statements were approved by the Board of Directors and authorised for issue on ..... 9 November 2020  
Signed on its behalf by:

..... *S.M. Swabey*  
S.M. Swabey  
Director

Company Registration No. 681251

The accompanying notes on pages 15 to 29 form part of the financial statements.

# SMITH & NEPHEW (OVERSEAS) LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

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	Share capital \$'000	Share premium account \$'000	Revaluation reserve \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 January 2018	1,660,146	4,133,082	1,055,033	176,278	7,024,539
Profit for the year	-	-	-	102,490	102,490
Other comprehensive income for the year	-	-	-	95	95
Total comprehensive income for the year	-	-	-	102,585	102,585
Balance at 31 December 2018	1,660,146	4,133,082	1,055,033	278,863	7,127,124
Profit for the year	-	-	-	118,068	118,068
Other comprehensive loss for the year	-	-	-	(68)	(68)
Total comprehensive income for the year	-	-	-	118,000	118,000
Balance at 31 December 2019	1,660,146	4,133,082	1,055,033	396,863	7,245,124

The accompanying notes on pages 15 to 29 form part of the financial statements.

# SMITH & NEPHEW (OVERSEAS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### 1 Accounting policies

Smith & Nephew (Overseas) Limited (the "Company") is a private company limited by shares. The Company is incorporated, domiciled and registered in England in the United Kingdom. The registered number is 681251 and the registered address is Building 5, Croxley Park, Hatters Lane, Watford, Hertfordshire, WD18 8YE. The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare Group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group.

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

#### **COVID-19 and going concern**

Notwithstanding the current economic uncertainties arising from the COVID-19 outbreak, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

Smith & Nephew plc has indicated its intention to continue to make available funds as needed by the Company for a period of twelve months from the date of approval of the financial statements. Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

#### **Group financial statements**

The financial statements present information about the Company as an individual undertaking and not about its Group. The Company is a wholly owned subsidiary undertaking of Smith & Nephew plc registered in England and Wales and is therefore exempt from the requirement to prepare group financial statements under Section 400 of the Companies Act 2006.

The financial statements are prepared in US Dollar, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to nearest thousand, except when otherwise indicated.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

# SMITH & NEPHEW (OVERSEAS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies

(Continued)

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Where required, equivalent disclosures are given in the Group accounts of Smith & Nephew plc. The Group accounts of Smith & Nephew plc are available to the public at its registered office at Building 5, Croxley Park, Hatters Lane, Watford, Hertfordshire, WD18 8YE and can also be obtained online via [www.smith-nephew.com](http://www.smith-nephew.com).

Allowance losses are calculated by reviewing lifetime expected credit losses using historic and forward-looking data on credit risk. The Company performed the calculation of expected credit loss rates separately for customer groups which were segmented based on common risk characteristics such as credit risk grade and type of customer (such as government and non-government).

IFRS 16 Leases has been adopted however it's application did not have an impact on the financial statements of the Company.

#### 1.2 Investments in subsidiaries

Fixed asset investments are stated at cost less impairment.

#### 1.3 Intangible assets

Patents are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over the useful life of the patent.

#### 1.4 Impairment of tangible and intangible assets

At each reporting end date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

# SMITH & NEPHEW (OVERSEAS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.5 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company is exempt under FRS 101 from the disclosure requirements of IFRS 13.

#### 1.6 Operating income

Operating income is derived from royalty income and is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

#### 1.7 Investment income

Investment income is measured at the fair value of the consideration received or receivable. It represents dividend income which is recognised when the right to receive payment is established.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial assets

Financial assets are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss (FVTPL), which are measured at fair value.

# SMITH & NEPHEW (OVERSEAS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### **Loans and receivables**

Trade Debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

#### **Impairment of financial assets**

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

### 1.10 Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

#### **Other financial liabilities**

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

### 1.11 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

### 1.12 Taxation

The tax expense for the year comprises current tax.

The current income tax expense is based on taxable profits of the period, after any adjustments for the prior periods. It is calculated using taxation rates enacted or substantively enacted by the balance sheet date and is measured at the amount expected to be recovered or paid.

# SMITH & NEPHEW (OVERSEAS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting policies (Continued)

#### 1.13 Foreign exchange

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the dates of the transaction. Monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

#### 1.14 Accounting Estimates

The key accounting estimate surrounds the impairment of intercompany receivables. Any intercompany receivable balances that are deemed irrecoverable will be written off through the Profit and Loss account.

#### 1.15 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

##### *Impairment of non-financial assets*

Where there are indicators of impairment of investments in subsidiaries which indicate that the carrying value may not be recoverable, the Company performs impairment tests on these investments based on the fair value by comparing the carrying value with its recoverable amount being the higher of its fair value less costs to sell and its value in use.

### 2 Operating income

An analysis of the Company's operating income is as follows:

	2019 \$'000	2018 \$'000
Royalty income	121,217	104,973
	<u>121,217</u>	<u>104,973</u>

### 3 Profit for the year

Profit for the year is stated after charging/(crediting):

	2019 \$'000	2018 \$'000
Net foreign exchange (gain)/loss	(89)	25
Amortisation of intangible assets	8	8
	<u>      </u>	<u>      </u>

### 4 Auditor's remuneration

Audit fees of \$12,000 (2018: \$12,000) have been borne by a fellow Group company.

### 5 Interest income

	2019 \$'000	2018 \$'000
Interest receivable from group undertakings	1	8
	<u>      </u>	<u>      </u>

# SMITH & NEPHEW (OVERSEAS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 6 Income tax expense

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current tax:</b>		
Current year	977	202
Adjustments in respect of prior years	(714)	168
	<u>263</u>	<u>370</u>
Total current tax charge	<u>263</u>	<u>370</u>

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit before taxation	118,331	102,860
	<u>118,331</u>	<u>102,860</u>
Tax on profit at standard UK tax rate of 19.00% (2018 - 19.00%)	22,483	19,543
	<u>22,483</u>	<u>19,543</u>
<b>Effects of:</b>		
Adjustment in respect of prior years	(714)	168
Effects of group relief / other reliefs	(22,199)	(19,916)
Non-deductible / non taxable items	115	285
Deemed income for tax purposes	578	290
	<u>(22,220)</u>	<u>(19,173)</u>
Total adjustments	<u>(22,220)</u>	<u>(19,173)</u>
Tax charge for the year	<u>263</u>	<u>370</u>

For the year ended 31 December 2019, the corporation tax rate was 19.00% (2018: 19.00%).

The Company has unrecognised capital losses of \$14m available for offset against future profits.

# SMITH & NEPHEW (OVERSEAS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 7 Intangible fixed assets

	<b>Patents and brand royalties \$'000</b>
<b>Cost</b>	
At 1 January 2018	10,300
	<hr/>
At 31 December 2018	10,300
	<hr/>
At 31 December 2019	10,300
	<hr/>
<b>Amortisation/impairment</b>	
At 1 January 2018	10,216
Charge for the year	8
	<hr/>
At 31 December 2018	10,224
Charge for the year	8
	<hr/>
At 31 December 2019	10,232
	<hr/>
<b>Carrying amount</b>	
At 31 December 2019	68
	<hr/> <hr/>
At 31 December 2018	76
	<hr/> <hr/>

# SMITH & NEPHEW (OVERSEAS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 8 Investments

	2019 \$'000	2018 \$'000
Investments in subsidiaries	6,940,002	6,940,002
	<u>6,940,002</u>	<u>6,940,002</u>

#### Movements in fixed asset investments

	Shares in fellow subsidiary undertakings \$'000
<b>Cost</b>	
At 1 January 2019 and 31 December 2019	6,940,002
	<u>        </u>
<b>Impairment</b>	
At 1 January 2019 and 31 December 2019	-
	<u>        </u>
<b>Carrying amount</b>	
At 31 December 2019	6,940,002
	<u>        </u>
At 31 December 2018	6,940,002
	<u>        </u>

### 9 Debtors

	2019 \$'000	2018 \$'000
Other receivables	14	9
Amount due from parent undertaking	304,503	183,668
Amounts due from fellow group undertakings	6,731	3,763
	<u>311,248</u>	<u>187,440</u>

Allowance losses on amounts owed by fellow group undertakings are calculated by reviewing 12-month expected credit losses using historic and forward-looking data on credit risk. The loss allowance expense for the year was \$nil (2018: \$nil).

# SMITH & NEPHEW (OVERSEAS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 10 Trade creditors and other payables

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade creditors	222	155
Amounts due to fellow group undertakings	5,221	886
Other creditors	26	25
	<u>5,469</u>	<u>1,066</u>

### 11 Share capital

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
764,727,549 (2018: 764,727,549) ordinary shares of £1 each	1,660,146	1,660,146
	<u>1,660,146</u>	<u>1,660,146</u>

### 12 Share premium account

	<b>\$'000</b>
At 31 December 2018 & 31 December 2019	4,133,082
	<u>4,133,082</u>

### 13 Revaluation reserve

	<b>\$'000</b>
At 31 December 2018 & at 31 December 2019	1,055,033
	<u>1,055,033</u>

### 14 Financial commitments, guarantees and contingent liabilities

The Company, together with Smith & Nephew plc and certain fellow subsidiary undertakings, has entered into guarantees with the National Westminster Bank plc in respect of the net overdrafts of the other parties to the guarantee. At 31 December 2019, the maximum exposure under this guarantee amounts to £10 million (2018: £10 million).

# SMITH & NEPHEW (OVERSEAS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 15 Events after the reporting date

##### **COVID-19**

Since the balance sheet date, the COVID-19 pandemic has spread across the world. This has adversely impacted the elective surgeries market in which the Company's subsidiaries operate worldwide. This is considered a non-adjusting post-balance sheet event and the impact of COVID-19 will be reported in the 2020 financial statements. The COVID-19 pandemic has, at the time of approving these financial statements, had no adverse impact on the Company. Uncertainty as to the length of the pandemic and the related measures to combat it mean that the 2020 full year impact, including any impact on the carrying value of the Company's investment in subsidiaries cannot yet be known.

##### **FX Litigation case**

In December 2016, the Company appealed to the First Tier Tribunal against a decision by HM Revenue and Customs (HMRC) relating to the UK tax deductibility of historical foreign exchange losses. The decision of the First Tier Tribunal upheld the Company's appeal. HMRC's subsequent appeal was heard by the Upper Tribunal in June 2018 which upheld the decision of the First Tier Tribunal. HMRC was granted leave to appeal in the Court of Appeal, which was heard in October 2019 and (following adjournment) in January 2020. In March 2020 the Court of Appeal published its decision, again upholding the Company's position. In June 2020, the Company received confirmation that HMRC will not appeal to the Supreme Court, making the Company's right to the deductions conclusive.

Accordingly, the benefit of these deductions will be recognised in the company's tax account in the year of success, being the year ending 31 December 2020. No tax benefit for these losses has been recognised to date. In 2020, the Company has received a tax refund of \$68m. In addition, remaining losses of \$246m will be potentially available to offset future profits, the recognition will be considered in the year ending 31 December 2020.

##### **Other**

On 26 June 2020 Smith & Nephew (Overseas) Limited received a preference dividend of \$188,221,744 from Smith & Nephew ARTC Limited as well as a capital repayment of \$1,769,999,999. On 26 June 2020 Smith & Nephew (Overseas) Limited paid a dividend of \$550,000,000 to Smith & Nephew Plc.

# SMITH & NEPHEW (OVERSEAS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 16 Subsidiaries and other related undertakings

These financial statements are separate company financial statements for Smith & Nephew (Overseas) Limited.

In accordance with Section 409 of the Companies Act 2006, a full list of subsidiaries and related undertakings is given below.

Company Name	Registered office address	Proportion of ownership interest (%)
A2 Surgical (2)	40 - 52 Boulevard du Parc, 92200, Neuilly-sur-Seine, France	100.00
Adler Mediequip Private Limited (2)	Podium Floor Tower 4, World Trade Centre S No1 Kharadi, Pune, Maharashtra-MH,411014, India	100.00
ArthroCare Belgium SPRL (2)	Hector Henneaulaan 366, 1930 Zaventem, Belgium	100.00
ArthroCare Corporation (2)	c/o The Corporation Trust Company, C T Center, 1209 Orange Street, Wilmington, Delaware, 19801, USA	100.00
ArthroCare Costa Rica Srl (2)	Building B32, 50 meters South of Revisión Técnica Vehicular, De Alajuela, San José, Costa Rica	100.00
ArthroCare India Medical Device Private Limited (2) (in liquidation)	C/o Smith & Nephew Healthcare Pvt. Limited, 501-B Dynasty Business Park, Andheri East, India	100.00
ArthroCare Luxembourg Sarl (2)	163, rue de Kiem, L-8030 Strassen, Luxembourg	100.00
ArthroCare Medical Devices (Beijing) Co. Limited (2) (in liquidation)	Room 17-021, Internal B17 floor, B3-24th floor, No 3 Xin Yuan South Rd, Chao Yang, Beijing, China	100.00
Atracsys Sarl (2)	Route du Verney 20, 1070, Puidoux, Switzerland	100.00
Bioventus LLC (2)	c/o The Corporation Trust Company, C T Center, 1209 Orange Street, Wilmington, Delaware, 19801, USA	49.00
Blue Belt Holdings, Inc. (2)	c/o The Corporation Trust Company, C T Center, 1209 Orange Street, Wilmington, Delaware, 19801, USA	100.00
Blue Belt Technologies UK Limited (2)	Building 5, Croxley Park, Hatters Lane, Watford, Hertfordshire, WD18 8YE	100.00
Blue Belt Technologies, Inc. (2)	CT Corporation, 1515 Market Street, Philadelphia PA 19102, United States	100.00
CRES Holdings, Inc	850 New Burton Road, Suite 201, City of Dover, County of Kent DE 19904, USA	0.99
DC LLC (2)	8/1 Stroiteley Street, 142290, City of Puschino, Moscow Region, Russian Federation	100.00
Healicoil Inc (2)	c/o The Corporation Trust Company, C T Center, 1209 Orange Street, Wilmington, Delaware, 19801, USA	100.00
Hipco, Inc. (2)	c/o The Corporation Trust Company, C T Center, 1209 Orange Street, Wilmington, Delaware, 19801, USA	100.00

# SMITH & NEPHEW (OVERSEAS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

16 Subsidiaries and other related undertakings		(Continued)
Leaf Healthcare, Inc. (2)	c/o The Corporation Trust Company, C T Center, 1209 Orange Street, Wilmington, Delaware, 19801, USA	100.00
Memphis Biomed Ventures I, L.P. (2)	c/o National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover, Kent, DE 19904, USA	4.61
Oratec Interventions, Inc. (2)	c/o The Corporation Trust Company, C T Center, 1209 Orange Street, Wilmington, Delaware, 19801, USA	100.00
Orthopaedic Biosystems Ltd., Inc. (2)	CT Corporation System, 3800 North Central Avenue, Suite 460, Phoenix AZ 85012, United States	100.00
Osteobiologics, Inc. (2)	c/o The Corporation Trust Company, C T Center, 1209 Orange Street, Wilmington, Delaware, 19801, USA	100.00
Plus Orthopedics (Beijing) Co., Ltd (2) (in liquidation)	22 Linhe Avenue, Linhe Economic Development Zone, Shunyi District, Beijing, 101300 China	100.00
Plus Orthopedics Holding AG (2)	Oberneuhofstrasse 10d, Baar, 6340, Switzerland	100.00
Plus Orthopedics LLC (2)	c/o The Corporation Trust Company, C T Center, 1209 Orange Street, Wilmington, Delaware, 19801, USA	100.00
Rotation Medical, Inc. (2)	c/o The Corporation Trust Company, C T Center, 1209 Orange Street, Wilmington, Delaware, 19801, USA	100.00
S&N Holdings SAS (2)	Calle 100 No. 7 - 33 to 1 P3, Bogota D.C., 00000, Colombia	100.00
Sinopsys Surgical, Inc. (2)	c/o The Corporation Trust Company, C T Center, 1209 Orange Street, Wilmington, Delaware, 19801, USA	12.40
Smith & Nephew (Alberta) Inc (2)	3500-855-2 Street SW, Calgary, Alberta, T2P 4J8, Canada	100.00
Smith & Nephew (Europe) B.V. (2)	Bloemlaan 2, 2132NP, Hoofddorp, Netherlands	100.00
Smith & Nephew (Pty) Limited (2)	30 The Boulevard, Westway Office Park, Westville, 3629, South Africa	100.00
Smith & Nephew A/S (2)	Slotsmarken 14, Hoersholm, DK-2970, Denmark	100.00
Smith & Nephew AG (2)	Oberneuhofstrasse 10d, Baar, 6340, Switzerland	100.00
Smith & Nephew Aktiebolag (2)	PO Box 143, S-431 22 Molndal, Sweden	100.00
Smith & Nephew Argentina S.R.L. (1) (2)	Maipu 1300, 13th Floor, City of Buenos Aires, Argentina	100.00
Smith & Nephew ARTC Limited (1) (2)	Building 5, Croxley Park, Hatters Lane, Watford, Hertfordshire, WD18 8YE	100.00
Smith & Nephew AS (2)	Nye Vakas vei 64, 1395, Hvalsted, Norway	100.00
Smith & Nephew B.V. (2)	Bloemlaan 2, 2132NP, Hoofddorp, Netherlands	100.00
Smith & Nephew Beijing Holdings Limited (2)	Unit 813-816, 8/F Delta House, 3 On Yiu Street, Shatin New Territories, Hong Kong	100.00
Smith & Nephew Business Services GmbH & Co KG (2)	Friesenweg 4, Haus 21, 22763, Hamburg, Germany	100.00
Smith & Nephew Business Services Verwaltungs GmbH (2)	Friesenweg 4, Haus 21, 22763, Hamburg, Germany	100.00
Smith & Nephew China Holdings UK Limited (2)	Building 5, Croxley Park, Hatters Lane, Watford, Hertfordshire, WD18 8YE	100.00
Smith & Nephew Chusik Hoesia (2)	13F, ASEM Tower, 517, Yeongdong-daero, Gangnam-gu, Seoul, 06164, Republic of Korea	100.00

# SMITH & NEPHEW (OVERSEAS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

16 Subsidiaries and other related undertakings		(Continued)
Smith & Nephew Colombia SAS (2)	Calle 100 No. 7 - 33 to 1 P3, Bogota D.C., Colombia	100.00
Smith & Nephew Comercio de Produtos Medicos LTDA (2)	Avenida do Cafe, 277 Centro Empresarial, Torre B, 4 Andar, Conjunto 403, Jabaquara, Sao Paulo, CEP 04	100.00
Smith & Nephew Consolidated, Inc. (2)	c/o The Corporation Trust Company, C T Center, 1209 Orange Street, Wilmington, Delaware, 19801, USA	100.00
Smith & Nephew Curacao N.V. (2)	Pietermaai 15, PO Box 4905, Curacao	100.00
Smith & Nephew Deutschland (Holding) GmbH (2)	Friesenweg 4, Haus 21, 22763, Hamburg, Germany	100.00
Smith & Nephew Finance Ireland Limited (2)	3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland	100.00
Smith & Nephew Finance S.a.r.l (2)	163, rue de Kiem, L-8030 Strassen, Luxembourg	100.00
Smith & Nephew France SAS (2)	40 - 52 Boulevard du Parc, 92200, Neuilly-sur-Seine, France	100.00
Smith & Nephew FZE (2)	Office No. LB02016, PO Box 16993, Jebel Ali, Dubai, United Arab Emirates	100.00
Smith & Nephew GmbH (2)	Concorde Business Park 1/C/3, 2320, Schwechat, Austria	100.00
Smith & Nephew GmbH (2)	Friesenweg 4, Haus 21, 22763, Hamburg, Germany	100.00
Smith & Nephew Healthcare Private Limited (1) (2)	501-B - 509 B Dynasty Business Park, Andheri Kurla Road, Andheri East, Mumbai-59, Maharashtra, India	100.00
Smith & Nephew Healthcare Sdn. Berhad (2)	Level 25, Menara Hong Leong, 6 Jalan Damanlela, Kuala Lumpur W.P., 50490 Kuala Lumpur, Malaysia	100.00
Smith & Nephew Inc. (2)	199, Bay Street, 4000 Toronto On M5L 1A9, Canada	100.00
Smith & Nephew Inc. (2)	Edificio Cesar Castillo, Calle Angel Buonomo #361, Hato Rey, 00917, Puerto Rico	100.00
Smith & Nephew International S.A (2)	163, rue de Kiem, L-8030 Strassen, Luxembourg	100.00
Smith & Nephew KK (2)	2-4-1, Shiba -Koen, Minato -Ku, Tokyo 105-0011, Japan	100.00
Smith & Nephew Lda (2)	Estrada Nacional nº 10 ao Km. 131, Bloco C, 2625-445 Forte, Vila Franca de Xira Portugal	99.99
Smith & Nephew Limited (2)	Unit 813-816, 8/F Delta House, 3 On Yiu Street, Shatin New Territories, Hong Kong	100.00
Smith & Nephew Limited (2)	36a Hillside Road, Wairau Valley, Auckland, 0627, New Zealand	100.00
Smith & Nephew Limited (2)	16th Floor Building A, 9th Tower Grand Rama 9, 33/4 Rama 9 Rd, Bangkok, 10310., Thailand	100.00
Smith & Nephew LLC (2)	2nd Syromyatnichesky Lane 1, 9th Floor, Premises 1, Room 1, 105120, Moscow, Russian Federation	100.00
Smith & Nephew Management B.V. (2)	Bloemlaan 2, 2132NP, Hoofddorp, Netherlands	100.00
Smith & Nephew Manufacturing AG (2)	Schachenallee 29, 5000, Aarau, Switzerland	100.00
Smith & Nephew Medical (Shanghai) Limited (2)	Part B, 4th Floor, Tong Yong Building, No 188 Ao Na Rd, Shanghai Free Trade Test Zone, Shanghai, Chi	100.00

# SMITH & NEPHEW (OVERSEAS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 16 Subsidiaries and other related undertakings

(Continued)

Smith & Nephew Medical (Suzhou) Limited (2)	12, Wuxiang Road, West Area of Comprehensive Bonded Zone, Suzhou, Jiangsu Province, China	100.00
Smith & Nephew N.V.-S.A (2)	Hector Henneaulaan 366, 1930 Zaventem, Belgium	100.00
Smith & Nephew Nederland CV (2)	Bloemlaan 2, 2132NP, Hoofddorp Netherlands	100.00
Smith & Nephew Orthopaedics GmBH (2)	Alemannenstrasse 14, 78532 Tuttlingen, Germany	100.00
Smith & Nephew Orthopedics (Beijing) Co. Ltd (2)	No. 98 Kechuang Dongliujie, Beijing Economic and Technical Development Area, Beijing, China	100.00
Smith & Nephew Orthopedics AG (2)	Oberneuhofstrasse 10d, Baar, 6340, Switzerland	100.00
Smith & Nephew OUS Inc (2)	c/o The Corporation Trust Company, C T Center, 1209 Orange Street, Wilmington, Delaware, 19801, USA	100.00
Smith & Nephew Oy (2)	Ayritie 12 C, 01510 Vantaa, Finland	100.00
Smith & Nephew Pharmaceuticals (Proprietary) Ltd (2)	30 The Boulevard, Westway Office Park, Westville, 3629, South Africa	100.00
Smith & Nephew Pte. Ltd (2)	50 Raffles Place, #32-01 Singapore Land Tower, 048623, Singapore	100.00
Smith & Nephew Pty Ltd (2)	85 Waterloo Road, North Ryde NSW 2113, Australia	100.00
Smith & Nephew S.A de C.V (2)	Av. Insurgentes Sur, numero 1602, Piso No.7, Oficina 702, Colonia Credito, C.P. 03940, Mexico	100.00
Smith & Nephew S.A.S (2)	40-52 Boulevard du Parc, 92200 Neuilly Sur Seine, France	100.00
Smith & Nephew S.A.U (2)	Edificio Conata I, c/ Fructuos Gelabert 2 y 4, San Joan Despi - 08970, Barcelona, Spain	100.00
Smith & Nephew s.r.l. (2)	20864 Agrate Brianza, Via De Capitani 2A, Italy	100.00
Smith & Nephew Schweiz AG (2)	Oberneuhofstrasse 10d, Baar, 6340, Switzerland	100.00
Smith & Nephew Services SDN. BHD. (2)	Level 25, Menara Hong Leong, 6 Jalan Damanlela, Kuala Lumpur W.P., 50490 Kuala Lumpur, Malaysia	100.00
Smith & Nephew sp z.o.o (2)	Ul Osmanska 12, 02-823 Warszawa, Poland	99.86
Smith & Nephew Superannuation Scheme Limited (2)	36a Hillside Road, Wairau Valley, Auckland, 0627, New Zealand	100.00
Smith & Nephew Surgical Holdings Pty Ltd (2)	85 Waterloo Road, North Ryde NSW 2113, Australia	100.00
Smith & Nephew Surgical Pty Ltd (2)	85 Waterloo Road, North Ryde NSW 2113, Australia	100.00
Smith & Nephew Suzhou Holdings Limited (2)	Unit 813-816, 8/F Delta House, 3 On Yiu Street, Shatin New Territories, Hong Kong	100.00
Smith & Nephew USD Limited (2)	Building 5, Croxley Park, Hatters Lane, Watford, Hertfordshire, WD18 8YE	100.00
Smith & Nephew USD One Limited (2)	Building 5, Croxley Park, Hatters Lane, Watford, Hertfordshire, WD18 8YE	100.00
Smith & Nephew, Inc (2)	c/o The Corporation Trust Company, C T Center, 1209 Orange Street, Wilmington, Delaware, 19801, USA	100.00
Smith ve Nephew Medikal Cihazlar Ticaret Limited Sirketi (2)	Bahçeköy Merkez Mahallesi, Ergene Nehri Sokak, No:8/4 Bahçeköy-Sarıyer, Istanbul, Turkey	100.00
Sri Siam Medical Limited (2)	16th Floor, GPF Witthayu Tower A, 93/1 Wireless Road, Lumpini, Phatumwan, Bangkok, 10330, Thailand	48.98

# SMITH & NEPHEW (OVERSEAS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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<b>16 Subsidiaries and other related undertakings</b>		<b>(Continued)</b>
Surgical Frontiers Series I, LLC (2)	c/o National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover, Kent, DE 19904, USA	100.00
Tenet Medical Engineering Inc (2)	3500-855-2 Street SW, Calgary, Alberta, T2P 4J8, Canada	100.00
TP Limited (1)	4th Floor 115 George Street, Edinburgh, EH2 4JN	100.00
Trice Medical, Inc. (2)	c/o Corporation Services Company, 251 Little Falls Drive, Wilmington, New Castle, DE 19808, USA	4.50
Ceterix Orthopaedics, Inc. (2)	c/o The Corporation Trust Company, C T Center, 1209 Orange Street, Wilmington, Delaware, 19801, USA	100.00
Miach Orthopaedics (2)	c/o Martha Murray, 19 Saddlebrook Road, Sherborn, MA 01770, USA	8.00
Smith & Nephew (Ireland) Trading Limited (2)	13-18 City Quay, Dublin 2, D02 ED70, Ireland	100.00
Smith & Nephew Operations Sdn. Bhd (2)	Level 25, Menara Hong Leong, NO. 6 Jalan Damanlela Bukit Damansara, Kuala Lumpur W.P., 50490 Kuala L	100.00
TEAMfund, LP (2)	Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman, KY1	6.67
Smith & Nephew Operations Pte. Limited (2)	29 Media Circle, #06-05, Alice@Mediapolis, Singapore, 138565, Singapore	100.00
Smith & Nephew Operations B.V. (2)	Bloemlaan 2, 2132NP, Hoofddorp Netherlands	100.00

(1) Interest held directly by the Company

(2) Interest held indirectly by the Company

### 17 Ultimate Parent Company and Parent Company of a larger Group

The Company is a subsidiary undertaking of Smith & Nephew plc which is the immediate and ultimate parent company and is incorporated in England and Wales. The consolidated financial statements of the Group are available to the public and may be obtained from Building 5, Croxley Park, Hatters Lane, Watford, Hertfordshire, WD18 8YE or online via [www.smith-nephew.com](http://www.smith-nephew.com).