

## **Contura A/S**

Sydmarken 23, 2860 Søborg

**CVR no. 25 05 77 16**

**Annual report for the period  
1 January to 31 December 2019**

Adopted at the annual general meeting on 13 May  
2020

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Patrick John Banks  
chairman



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## Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of Contura A/S for the financial year 1 January - 31 December 2019.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019.

In our opinion, management's review includes a fair review of the matters dealt with in the annual report for the financial year.

Management recommends that the annual report should be approved by the company in general meeting.

Søborg, 13 May 2020

### Executive board

Patrick John Banks

### Supervisory board

Rakesh Chhanganlal Tailor  
chairman

Patrick John Banks

Debra Joy Roberts

## Independent auditor's report

### *To the shareholder of Contura A/S*

#### **Opinion**

We have audited the financial statements of Contura A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Management's responsibilities for the financial statements**

Management is responsible for the preparation of financial statements, that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Independent auditor's report

### Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Copenhagen, 13 May 2020

### **Baker Tilly Denmark**

Godkendt Revisionspartnerselskab  
CVR no. 35 25 76 91

Ramazan Turan  
statsautoriseret revisor  
MNE no. mne32779

## Company details

The company	Contura A/S Sydmarken 23 2860 Søborg CVR no.: 25 05 77 16 Reporting period: 1 January - 31 December 2019 Incorporated: 15. November 1999 Domicile: Gladsaxe
Supervisory board	Rakesh Chhanganlal Tailor, chairman Patrick John Banks Debra Joy Roberts
Executive board	Patrick John Banks
Auditors	Baker Tilly Denmark Godkendt Revisionspartnerselskab Poul Bundgaards Vej 1, 1. 2500 Valby

## Management's review

### Business review

The company's primary activity is to be the holding company for the Contura Group in Scandinavia and to develop and own intellectual property rights, including patents, of the Contura Group in Scandinavia.

### Financial review

The company's income statement for the year ended 31 December 2019 shows a profit of DKK 9.076.277, and the balance sheet at 31 December 2019 shows equity of DKK 64.355.811.

### Significant events occurring after the end of the financial year

Subsequent to the end of the financial year, Corona Virus Disease 2019 ("Covid-19") has spread to many countries throughout the world and has been designated a pandemic by the World Health Organisation.

As a result of Covid-19, many countries have implemented measures to contain the virus. These measures range in severity, but typically involve a degree of lockdown that limits the movement of people and prevent significant gatherings. An important aspect of these measures is that many governments have required their health services to suspend elective procedures in hospitals, so that they may focus upon patients suffering from Covid-19 and limit spread of the disease. The products sold by the Company's subsidiary undertaking, Contura International A/S, are used in elective procedures and as a result the measures taken to limit the spread of Covid-19 are expected to have a significant effect upon that company's revenues and ultimately upon the Company's income from investments in subsidiaries.

The world is in the early stages of managing the Covid-19 pandemic and at present there is little clarity on how long the preventative measure will continue. To mitigate against the risk of substantially reduced revenues, the Company's subsidiary undertaking has taken actions to reduce costs and it plans to take advantage of government introduced schemes to protect companies from the effects of Covid-19.

Management has assessed the likely impact of Covid-19 upon the Company's business and is confident that while it will experience reduced income from investments in subsidiaries in 2020, it is well placed to weather the anticipated downturn.



## Income statement 1 January - 31 December

	Note	2019	2018
		DKK	DKK
<b>Gross loss/profit</b>		<b>1.034.818</b>	<b>1.046.116</b>
Income from investments in subsidiaries		7.431.879	6.271.385
Financial income	1	1.600.618	488.650
Financial costs	2	-3.133.782	-2.567.632
<b>Profit before tax</b>		<b>6.933.533</b>	<b>5.238.519</b>
Tax on profit/loss for the year	3	2.142.744	2.785.974
<b>Profit/loss for the year</b>		<b>9.076.277</b>	<b>8.024.493</b>
<b>Recommended appropriation of profit/loss</b>			
Reserve for net revaluation under the equity method		7.480.937	6.222.027
Transferred to reserve for development expenditure		7.205.032	5.709.014
Retained earnings		-5.609.692	-3.906.548
		<b>9.076.277</b>	<b>8.024.493</b>

## Balance sheet 31 December

	Note	2019	2018
		DKK	DKK
<b>Assets</b>			
Development projects in progress		36.587.972	27.350.751
<b>Intangible assets</b>	4	<b>36.587.972</b>	<b>27.350.751</b>
Investments in group enterprises	5	109.149.405	101.717.532
<b>Fixed asset investments</b>		<b>109.149.405</b>	<b>101.717.532</b>
<b>Total non-current assets</b>		<b>145.737.377</b>	<b>129.068.283</b>
Receivables from group enterprises		9.227.181	4.224.234
Other receivables		862.384	628.900
Corporation tax		1.948.644	1.131.902
Joint taxation contributions receivable		945.100	1.654.072
<b>Receivables</b>		<b>12.983.309</b>	<b>7.639.108</b>
<b>Cash at bank and in hand</b>		<b>4.073</b>	<b>2.094</b>
<b>Curent assets</b>		<b>12.987.382</b>	<b>7.641.202</b>
<b>Assets</b>		<b>158.724.759</b>	<b>136.709.485</b>

## Balance sheet 31 December

	Note	2019	2018
		DKK	DKK
<b>Equity and liabilities</b>			
Share capital		1.010.000	1.010.000
Reserve for net revaluation under the equity method		23.621.922	16.140.985
Reserve for development expenditure		28.538.618	21.333.586
Retained earnings		11.185.271	16.794.963
<b>Equity</b>		<b>64.355.811</b>	<b>55.279.534</b>
Other payables		13.500.000	13.950.000
<b>Total non-current liabilities</b>		<b>13.500.000</b>	<b>13.950.000</b>
Short-term part of long-term debt		600.000	600.000
Banks		0	24
Trade payables		180.127	404.457
Payables to group enterprises		79.939.771	66.441.970
Other payables		149.050	33.500
<b>Total current liabilities</b>		<b>80.868.948</b>	<b>67.479.951</b>
<b>Liabilities other than provisions</b>		<b>94.368.948</b>	<b>81.429.951</b>
<b>Equity and liabilities</b>		<b>158.724.759</b>	<b>136.709.485</b>
Contingent liabilities	6		
Mortgages and collateral	7		

## Statement of changes in equity

	Share capital	Reserve for net revalua- tion under the equity method	Reserve for development expenditure	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	1.010.000	16.140.985	21.333.586	16.794.963	55.279.534
Net profit/loss for the year	0	7.480.937	7.205.032	-5.609.692	9.076.277
<b>Equity at 31 December</b>	<b>1.010.000</b>	<b>23.621.922</b>	<b>28.538.618</b>	<b>11.185.271</b>	<b>64.355.811</b>

## Notes

	2019	2018
	DKK	DKK
<b>1 Financial income</b>		
Interest received from group enterprises	1.088.273	447.768
Other financial income	512.345	40.736
Exchange gains	0	146
	<b>1.600.618</b>	<b>488.650</b>
<b>2 Financial costs</b>		
Interest paid to group enterprises	3.118.017	2.352.411
Other financial costs	15.751	50.875
Exchange loss	14	164.346
	<b>3.133.782</b>	<b>2.567.632</b>
<b>3 Tax on profit/loss for the year</b>		
Current tax for the year	-1.196.725	-380.902
Adjustment of tax concerning previous years	-919	-751.000
Joint taxation contribution	-945.100	-1.654.072
	<b>-2.142.744</b>	<b>-2.785.974</b>

## Notes

### 4 Intangible assets

	Development projects in progress <u>DKK</u>
Cost at 1 January	27.350.751
Additions for the year	<u>9.237.221</u>
Cost at 31 December	<u>36.587.972</u>
<b>Carrying amount at 31 December</b>	<b><u><u>36.587.972</u></u></b>

#### Special assumptions regarding development projects and tax assets

The Company has capitalised external development costs relating to two programs. The first program relates to development costs incurred in connection with the approval of the Company's stress incontinence product, Bulkamid, in the United States. The second program relates to the use of the Company's hydrogel technology for the treatment of osteoarthritis.

## Notes

	2019 DKK	2018 DKK
<b>5 Investments in group enterprises</b>		
Cost at 1 January	85.527.483	70.307.483
Net effect from merger and acquisition	0	15.220.000
Cost at 31 December	<u>85.527.483</u>	<u>85.527.483</u>
Revaluations at 1 January	16.190.049	9.918.658
Revaluations for the year, net	<u>7.431.873</u>	<u>6.271.391</u>
Revaluations at 31 December	<u>23.621.922</u>	<u>16.190.049</u>
<b>Carrying amount at 31 December</b>	<b><u>109.149.405</u></b>	<b><u>101.717.532</u></b>

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest
Contura International A/S	Gladsaxe	100%
Contura Properties A/S	Gladsaxe	100%

## 6 Contingent liabilities

The Company has no other contingent liabilities than the ones described below.

The Entity serves as an administration company in Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the company is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed entities, and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the entities.

The Company has unlimited pledge towards Contura International A/S.

## 7 Mortgages and collateral

The company has entered into a floating charge over certain of its assets in the amount of DKK 5.000 thousand to secure the borrowings of the company and of its subsidiary undertakings.

## Accounting policies

The annual report of Contura A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act concerning reporting class B entities as well as selected provisions as regards larger entities.

The accounting policies applied are consistent with those of last year.

### Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments, plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

### Income statement

#### Other external costs

Other external costs include expenses related to administration etc.

#### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses and surcharges and allowances under the advance-payment-of-tax scheme, etc.

#### Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation.



## Accounting policies

The company acts as management company for all jointly taxed entities and, in its capacity as such, pays all income taxes to the Danish tax authorities.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

### Balance sheet

#### Intangible assets

##### *Development projects*

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development projects are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred, less deferred tax, is taken to equity under reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as external investments that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years.

#### Investments in group enterprises

Investments in group enterprises are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the group's accounting policies, plus or less unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill stated according to the purchase method.

Investments in group enterprises with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

## Accounting policies

Net revaluations of investments in group enterprises are taken to the net revaluation reserve according to the equity method in so far as the carrying amount exceeds the cost. Dividends from subsidiaries which are expected to be declared before the annual report of Contura A/S is adopted are not taken to the net revaluation reserve.

Acquisitions are accounted for using the purchase method, cf. the above description of the statement of goodwill.

### Receivables

Receivables are measured at amortised cost.

### Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

### Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.