

Contura A/S

Sydmarken 23, 2860 Søborg

CVR no. 25 05 77 16

**Annual report for the period
1 January to 31 December 2021**

Adopted at the annual general meeting on 18 July
2022

Rakesh Chhaganlal Tailor
chairman



Table of contents

	Page
Statements	
Statement by management on the annual report	1
Independent auditor's report	2
Management's review	
Company details	5
Management's review	6
Financial statements	
Income statement 1 January - 31 December	7
Balance sheet 31 December	8
Statement of changes in equity	10
Notes for accounts	11
Accounting policies	14

Statement by management on the annual report

The supervisory board and executive board have today discussed and approved the annual report of Contura A/S for the financial year 1 January - 31 December 2021.

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 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021.

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, 18 July 2022

Executive board

Ieva Ankorina-Stark

Supervisory board

Rakesh Chhaganlal Tailor
chairman

Patrick John Banks

Ieva Ankorina-Stark

Graham Julian Fraser-Pye

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 2021, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021 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 and IESBA Code. 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, 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.

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.

Independent auditor's report

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, 18 July 2022

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 2021 Incorporated: 15 November 1999 Domicile: Gladsaxe
Supervisory board	Rakesh Chhaganlal Tailor, chairman Patrick John Banks Ieva Ankorina-Stark Graham Julian Fraser-Pye
Executive board	Ieva Ankorina-Stark
Auditors	Baker Tilly Denmark Godkendt Revisionspartnerselskab Poul Bundgaards Vej 1, 1. 2500 Valby
Consolidated financial statements	The company is included in the consolidated financial statements of the parent company Contura International Limited

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 2021 shows a loss of DKK 3.224.092, and the balance sheet at 31 December 2021 shows equity of DKK 66.317.189.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Income statement 1 January - 31 December

	Note	2021	2020
		DKK	DKK
Gross profit		-17.517.307	101.263
Depreciation, amortisation and impairment of intangible assets		-2.746.647	-2.047.921
Profit/loss before net financials		-20.263.954	-1.946.658
Income from investments in subsidiaries		15.501.997	7.203.476
Financial income	1	181.162	365.378
Financial costs	2	-3.298.591	-3.474.823
Profit/loss before tax		-7.879.386	2.147.373
Tax on profit/loss for the year	3	4.655.294	3.038.097
Profit/loss for the year		-3.224.092	5.185.470
Recommended appropriation of profit/loss			
Reserve for net revaluation under the equity method		15.501.997	7.203.476
Transferred to reserve for development expenditure		-16.204.335	6.659.786
Retained earnings		-2.521.754	-8.677.792
		-3.224.092	5.185.470

Balance sheet 31 December

	Note	2021	2020
		DKK	DKK
Assets			
Completed development projects		0	25.301.660
Rights		22.555.193	0
Development projects in progress		24.351.370	19.824.500
Intangible assets	4	46.906.563	45.126.160
Investments in group enterprises	5	131.854.878	116.352.881
Fixed asset investments		131.854.878	116.352.881
Total non-current assets		178.761.441	161.479.041
Receivables from group enterprises		7.540.618	9.142.878
Other receivables		1.623.059	1.155.669
Corporation tax		1.970.838	2.885.535
Joint taxation contributions receivable		3.645.483	1.849.581
Receivables		14.779.998	15.033.663
Cash at bank and in hand		1.711	1.350
Total current assets		14.781.709	15.035.013
Total assets		193.543.150	176.514.054

Balance sheet 31 December

	Note	2021	2020
		DKK	DKK
Equity and liabilities			
Share capital		1.010.000	1.010.000
Reserve for net revaluation under the equity method		46.327.395	30.825.398
Reserve for development expenditure		18.994.069	35.198.404
Retained earnings		-14.275	2.507.479
Equity		66.317.189	69.541.281
Other payables		0	12.750.000
Payables to group enterprises		112.251.385	92.006.134
Total non-current liabilities		112.251.385	104.756.134
Short-term part of long-term debet		0	600.000
Trade payables		145.575	225.213
Payables to group enterprises		14.800.000	0
Corporation tax		0	1.096.788
Other payables		29.001	294.638
Total current liabilities		14.974.576	2.216.639
Total liabilities		127.225.961	106.972.773
Total equity and liabilities		193.543.150	176.514.054
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	30.825.398	35.198.404	2.507.479	69.541.281
Net profit/loss for the year	0	15.501.997	-16.204.335	-2.521.754	-3.224.092
Equity at 31 December	1.010.000	46.327.395	18.994.069	-14.275	66.317.189

Notes to accounts

	2021	2020
	DKK	DKK
1 Financial income		
Interest received from group enterprises	155.861	365.378
Other financial income	25.301	0
	<u>181.162</u>	<u>365.378</u>
	<u>181.162</u>	<u>365.378</u>
2 Financial costs		
Interest paid to group enterprises	3.298.580	3.051.970
Other financial costs	11	422.853
	<u>3.298.591</u>	<u>3.474.823</u>
	<u>3.298.591</u>	<u>3.474.823</u>
3 Tax on profit/loss for the year		
Current tax for the year	-1.009.811	-1.188.516
Joint taxation contribution	-3.645.483	-1.849.581
	<u>-4.655.294</u>	<u>-3.038.097</u>
	<u>-4.655.294</u>	<u>-3.038.097</u>

Notes to accounts

4 Intangible assets

	Completed development projects DKK	Rights DKK	Development projects in progress DKK	Total DKK
Cost at 1 January	27.349.581	0	19.824.500	47.174.081
Additions for the year	0	0	4.526.870	4.526.870
Transfers for the year	-27.349.581	27.349.581	0	0
Cost at 31 December	0	27.349.581	24.351.370	51.700.951
Impairment losses and amortisation at 1 January	2.047.921	0	0	2.047.921
Depreciation for the year	2.746.467	0	0	2.746.467
Transfers for the year	-4.794.388	4.794.388	0	0
Impairment losses and amortisation at 31 December	0	4.794.388	0	4.794.388
Carrying amount at 31 December	0	22.555.193	24.351.370	46.906.563

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. Bulkamid is now being manufactured and sold to a third party under a "manufacturing and supply agreement". Accordingly, this program has been transferred to "Rights".

5 Investments in group enterprises

	2021 DKK	2020 DKK
Cost at 1 January	85.527.483	85.527.483
Cost at 31 December	85.527.483	85.527.483
Revaluations at 1 January	30.825.398	23.621.922
Revaluations for the year, net	15.501.997	7.203.476
Revaluations at 31 December	46.327.395	30.825.398
Carrying amount at 31 December	131.854.878	116.352.881

Notes to accounts

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 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 tDKK 5.000 to secure the borrowings of the company and of its subsidiary undertakings.

Accounting policies

The annual report of Contura A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, as well as provisions applying to reporting class C entities.

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

Pursuant to sections §110 subsection 1, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

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 operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and items of property, plant and equipment.

Other external costs

Other external costs include expenses related to administration.

Accounting policies

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets.

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 of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

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

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.

Accounting policies

Balance sheet

Intangible assets

Development projects and Rights

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

Completed development projects and Rights 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.

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.

Acquirees are accounted for using the purchase method, see the above description of consolidated financial statements and calculation of goodwill.

Receivables

Receivables are measured at amortised cost.

Accounting policies

Income tax and deferred tax

As management company, Contura A/S is liable for payment of the subsidiaries' corporate income taxes to the tax authorities.

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. Deferred tax is measured at net realisable value.

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.