

## **Contura International A/S**

**Sydmarken 23, 2860 Søborg**

**CVR no. 27 05 08 32**

**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 International 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 Chhaganlal Tailor  
chairman

Patrick John Banks

Debra Joy Roberts

## Independent auditor's report

### *To the shareholders of Contura International A/S*

#### **Opinion**

We have audited the financial statements of Contura International 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.

### 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, 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 International A/S
	Sydmarken 23
	2860 Søborg
	CVR no.: 27 05 08 32
	Reporting period: 1 January - 31 December 2019
Supervisory board	Incorporated: 1. March 2003
	Domicile: Gladsaxe
	Rakesh Chhaganlal 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

Contura International is a medical technology company based in Denmark that develops and commercialises soft tissue fillers.

### Financial review

The company's income statement for the year ended 31 December 2019 shows a profit of DKK 2.444.888, and the balance sheet at 31 December 2019 shows equity of DKK 88.502.646.

### 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, most countries into which the Company sells its products, 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 Company's products 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 the revenues of the Company while they are in place. 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 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 with the costs reduction measures it has taken, the government schemes available to the Company to mitigate the impact of Covid-19 and the availability of additional loan finance from the Company's parent or from its bankers, it is well placed to weather the anticipated downturn in 2020 and beyond.



## Income statement 1 January - 31 December

	Note	2019 DKK	2018 DKK
<b>Revenue</b>		<b>60.161.249</b>	<b>53.171.095</b>
Expenses for raw materials and consumables		-19.067.471	-18.375.160
Other external costs		-22.331.728	-11.555.058
<b>Gross profit</b>		<b>18.762.050</b>	<b>23.240.877</b>
Staff costs	1	-11.725.089	-11.694.374
Depreciation and impairment of tangible assets		-5.563.855	-5.401.470
<b>Profit before net financials</b>		<b>1.473.106</b>	<b>6.145.033</b>
Income from investments in group enterprises		-67.601	-44.479
Financial income	2	2.923.516	2.334.586
Financial costs	3	-787.345	-870.824
<b>Profit before tax</b>		<b>3.541.676</b>	<b>7.564.316</b>
Tax on profit/loss for the year	4	-1.096.788	-1.731.566
<b>Profit/loss for the year</b>		<b>2.444.888</b>	<b>5.832.750</b>
<b>Recommended appropriation of profit/loss</b>			
Reserve for net revaluation under the equity method		-67.601	-44.479
Retained earnings		2.512.489	5.877.229
		<b>2.444.888</b>	<b>5.832.750</b>

## Balance sheet 31 December

	Note	2019 DKK	2018 DKK
<b>Assets</b>			
Plant and machinery		4.115.235	8.376.366
Other fixtures and fittings, tools and equipment		427.405	297.636
<b>Tangible assets</b>	5	<b>4.542.640</b>	<b>8.674.002</b>
Investments in group enterprises	6	1.795.560	1.863.161
<b>Fixed asset investments</b>		<b>1.795.560</b>	<b>1.863.161</b>
<b>Total non-current assets</b>		<b>6.338.200</b>	<b>10.537.163</b>
Raw materials and consumables		11.347.334	12.741.234
Finished goods and goods for resale		4.909.305	1.519.346
<b>Stocks</b>		<b>16.256.639</b>	<b>14.260.580</b>
Trade receivables		5.084.545	8.557.933
Receivables from group enterprises		90.255.228	81.070.014
Other receivables		764.694	352.666
Prepayments		356.091	473.440
<b>Receivables</b>		<b>96.460.558</b>	<b>90.454.053</b>
<b>Cash at bank and in hand</b>		<b>746.537</b>	<b>1.109.606</b>
<b>Total current assets</b>		<b>113.463.734</b>	<b>105.824.239</b>
<b>Total assets</b>		<b>119.801.934</b>	<b>116.361.402</b>

## Balance sheet 31 December

	Note	2019 DKK	2018 DKK
<b>Equity and liabilities</b>			
Share capital		501.000	501.000
Reserve for net revaluation under the equity method		1.279.560	1.347.161
Retained earnings		86.722.086	84.209.597
<b>Equity</b>		<b>88.502.646</b>	<b>86.057.758</b>
Banks		12.321.426	14.902.139
Trade payables		6.089.172	4.335.076
Payables to group enterprises		6.752.517	2.364.430
Corporation tax		1.096.788	1.731.566
Other payables		5.039.385	3.530.304
Deferred income		0	3.440.129
<b>Total current liabilities</b>		<b>31.299.288</b>	<b>30.303.644</b>
<b>Total liabilities</b>		<b>31.299.288</b>	<b>30.303.644</b>
<b>Total equity and liabilities</b>		<b>119.801.934</b>	<b>116.361.402</b>
Contingent liabilities	7		
Mortgages and collateral	8		

## Statement of changes in equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	501.000	1.347.161	84.209.597	86.057.758
Net profit/loss for the year	0	-67.601	2.512.489	2.444.888
<b>Equity at 31 December</b>	<b>501.000</b>	<b>1.279.560</b>	<b>86.722.086</b>	<b>88.502.646</b>

## Notes

	2019 DKK	2018 DKK
<b>1 Staff costs</b>		
Wages and salaries	15.056.651	14.786.161
Pensions	903.529	889.211
Other social security costs	47.840	44.810
Other staff costs	797.883	729.021
	<b>16.805.903</b>	<b>16.449.203</b>
Staff costs classified as assets	-5.080.814	-4.754.829
	<b>11.725.089</b>	<b>11.694.374</b>
Average number of employees	21	20
<b>2 Financial income</b>		
Interest received from group enterprises	2.670.885	2.029.886
Exchange rate adjustments	252.631	304.700
	<b>2.923.516</b>	<b>2.334.586</b>
<b>3 Financial costs</b>		
Interest paid to group enterprises	67.482	12.410
Other financial costs	580.761	445.329
Exchange rate adjustments	139.102	413.085
	<b>787.345</b>	<b>870.824</b>
<b>4 Tax on profit/loss for the year</b>		
Current tax for the year	1.096.788	1.731.566
	<b>1.096.788</b>	<b>1.731.566</b>

## Notes

### 5 Tangible assets

	Plant and machinery	Other fixtures and fittings, tools and equipment
	DKK	DKK
Cost at 1 January	53.663.244	4.250.189
Additions for the year	1.185.623	246.871
Cost at 31 December	54.848.867	4.497.060
Depreciation at 1 January	45.286.879	3.952.552
Depreciation for the year	5.446.753	117.103
Depreciation at 31 December	50.733.632	4.069.655
<b>Carrying amount at 31 December</b>	<b>4.115.235</b>	<b>427.405</b>

### 6 Investments in group enterprises

Cost at 1 January	516.000	516.000
Cost at 31 December	516.000	516.000
Revaluations at 1 January	1.347.161	1.391.640
Amortisation of goodwill	-67.601	-44.479
Revaluations at 31 December	1.279.560	1.347.161
<b>Carrying amount at 31 December</b>	<b>1.795.560</b>	<b>1.863.161</b>

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest
Contura Inc.	USA	100%

## Notes

### 7 Contingent liabilities

The company is jointly taxed with its parent company, Contura A/S, and jointly and severally liable with other jointly taxed entities for payment of income taxes as well as for payment of withholding taxes on dividends, interest and royalties.

The company has unrecognized rental and lease commitments regarding cars and rent amounting to DKK 6.248 thousand.

### 8 Mortgages and collateral

The company has entered into a floating charge over certain of its assets in the amount of DKK 15.000 thousand to secure the borrowings of the company and the parent company.

## Accounting policies

The annual report of Contura International A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B 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

### Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

### Expenses for raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.



## Accounting policies

### Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

### Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

### Amortisation and depreciation

Amortisation and depreciation comprise the year's amortisation and depreciation of intangible assets and property, plant and equipment.

### 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, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

### Tax on profit/loss for the year

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.

## Balance sheet

### Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

## Accounting policies

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Plant and machinery	10-12 years
Other fixtures and fittings, tools and equipment	5 years
The useful life and residual value of the company's property, plant and equipment is reassessed annually.	

### Investments in subsidiaries and associates

Investments in subsidiaries and associates 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 subsidiaries and associates 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 subsidiaries and associates 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 International A/S is adopted are not taken to the net revaluation reserve.

### 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.