

Convatec Denmark A/S

Østmarken 3A, 2860 Søborg

Annual Report for the year 1 January - 31 December 2023

CVR No: 31 47 70 93

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company
on

8 July 2024

DocuSigned by:



Mercedes Armendariz
Chairman
Signing Reason: I approve this document
Signing Time: Jul 8, 2024 | 5:34:22 PM BST

BC26DE42E9FA44C0866054734452C702

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	4
Financial Highlights	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 to the Financial Statements	11

Management's Statement

The Executive and Supervisory Boards have today considered and adopted the Annual Report of ConvaTec Denmark A/S for the financial year 1 January - 31 December 2023.

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 financial position at 31 December 2023 of the Company and of the results of the Company's operations for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Ballerup, 08 July 2024

Executive Board

DocuSigned by:
Michael Remy Jensen
Signer Name: Michael Remy Jensen
Signing Reason: I approve this document
Signing Time: Jul 8, 2024 | 5:45:04 PM BST
363B43FDE62D4B0BBB680AD61240C92B

Supervisory Board

DocuSigned by:
U. Armendariz
Signer Name: Mercedes Armendariz
Signing Reason: I approve this document
Signing Time: Jul 8, 2024 | 5:34:29 PM BST
BC26DE42E9FA44C0866054734452C702

Chairman
Maria Mercedes A. Sola

DocuSigned by:
Kjersti Grimsrud
Signer Name: Kjersti Grimsrud
Signing Reason: I approve this document
Signing Time: Jul 8, 2024 | 7:25:03 PM BST
44044659A6B941EF9D1651156E76E1BF

Kjersti Grimsrud

DocuSigned by:
Michael Remy Jensen
Signer Name: Michael Remy Jensen
Signing Reason: I approve this document
Signing Time: Jul 8, 2024 | 5:43:13 PM BST
363B43FDE62D4B0BBB680AD61240C92B

Michael Christian Remy Jensen

DocuSigned by:
Mark Warren
Signer Name: Mark Warren
Signing Reason: I approve this document
Signing Time: Jul 8, 2024 | 8:30:10 PM BST
92635BFD99CF413584368A8B7BBFA044

Mark Edward Warren

Independent Auditor's Report

To the shareholders of ConvaTec Denmark A/S

Opinion

We have audited the financial statements of ConvaTec Denmark A/S for the financial year 01.01.2023-31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity, and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act. In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023-31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the 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 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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. 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary

Management is responsible for the management commentary. Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed; we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen,
08.07.2024

DocuSigned by:

Henrik Wolff Mikkelsen



Signer Name: Henrik Wolff Mikkelsen
Signing Reason: I approve this document
Signing Time: Jul 8, 2024 | 8:03:01 PM BST
Statsautoriseret Revisionspartnerselskab
800D8D0438FB4D18B6D64BF47FEDB357
CVR No. 33963550

Henrik Wolff Mikkelsen
State Authorised Public Accountant
Identification No (MNE) mne33747

Company Information

The Company

Convatec Denmark A/S
Østmarken 3A
2860 Søborg

CVR No: 31 47 70 93
Financial year: 1 January - 31 December
Municipality of reg. office:

Supervisory Board

Kjersti Grimsrud
Michael Christian Remy Jensen
Mark Edward Warren

Executive Board

Michael Christian Remy Jensen

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-2300 Copenhagen S

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit	19,664	22,645	22,128	17,958	15,905
Profit before financial income and expenses	2,225	2,465	2,095	2,201	167
Net financials	-1,905	10,503,741	-15,438	-26,321	-54,299
Net profit for the year	438	10,510,320	589,575	-19,151	-42,644
Balance sheet					
Balance sheet total	192,127	226,018	2,604,102	2,633,648	2,729,516
Equity	128,263	127,558	1,167,210	1,177,534	1,196,629
Investment in property, plant and equipment	0	0	5	0	27
Average number of employees	17	12	20	22	22
Ratios					
Solvency ratio	66.8%	56.4%	44.8%	44.7%	43.8%
Return on equity	0.3%	1623.5%	50.5%	-1.6%	-3.5%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the CFA Society Denmark. For definitions, see under accounting policies.

Management's Review

Main activity

ConvaTec Denmark A/S is owned by the ConvaTec Denmark Holdings ApS.

ConvaTec Denmark A/S main activity is to commercialize medical devices in 5 main business areas:

- Ostomy Care: Products designed to meet customers' needs after going through an Ostomy surgery.
- Wound Therapeutics: Products designed to successfully address Human Skin Wounds.
- Critical Care: Products designed to successfully address Fecal Incontinence, Intensive Care treatment and Operating Theatre procedures.
- Continence Care: Products designed to successfully address Urinary Incontinence.
- Infusion Care: Products designed to subcutaneous infusion of painkillers.

Development in the year

Gross profit for 2023 amounted to TDKK 19,664 compared to TDKK 22,645 in 2022.

EBIT amounts to TDKK 2,225 compared to 2022, where EBIT was TDKK 2,465.

Revenues decreased by 38% mainly due to the impact of exit from Critical Care Business (TDKK -26,293).

The income statement of the Company for 2023 shows a profit of KK 438, and at 31 December 2023 the balance sheet of the Company shows equity of TDKK 128,263.

Special risks - operating risks and financial risks

Operating risks

The main commercial risk of ConvaTec Denmark A/S relates to the ability of sustaining its strong market position. All products are developed and produced by the ConvaTec Group and ConvaTec seeks to be at the cutting edge when it comes to product development within our business areas and activities.

Foreign exchange risks

ConvaTec Denmark A/S has sales and purchase in DKK, and loan in EUR accordingly, the Company has limited exposed to changes in currency exchange rates. These financial risks are monitored and managed in close cooperation with the Parent, ConvaTec Group, which follows a low-risk policy.

Targets and expectations for the year ahead

Total net sales are expected to be comparable to 2023 with a projected increase of 2.5%

ConvaTec will continue to have its strong market position in Denmark. No major tender position has changed or expected to be changed in 2023. EBIT for 2023 is expected to be in the range of 1.5 %– 2.5 % increase from 2022.

Data ethics

ConvaTec Denmark A/S strives to use data responsibly and sustainably. However, currently the company has decided not to develop and implement a specific policy regarding data ethics.

We consider that our current use of data in relation to our company and business does not have a character that implies data ethical issues. As such advanced data analysis e.g. "big data" analyses, use of AI or algorithms for automated decisions or other applications of data, which could imply significant consequences for society or population groups, is not currently an integrated part of our business strategy or activities

In this assessment, we have further emphasized that ConvaTec Denmark A/S besides the data protection law also complies with the health legislation including medical equipment, which outlines the ethical rules for how we perform our business activities. The use and application of data within our company and industry is constantly changing, and we will therefore continuously perform an assessment of the need to develop and implement a policy on data ethics.

Subsequent events

No events post the balance sheet date to report.

Income Statement 1 January - 31 December

	Note	2023	2022
		TDKK	TDKK
Gross profit		19,664	22,645
Staff expenses	1	-17,439	-20,173
Depreciation and amortisation of intangible assets and of property, plant and equipment	2	0	-7
Profit before financial income and expenses		2,225	2,465
Dividends Income		0	2,646,853
Financial income		1,311	8
Financial expenses	3	-3,216	-26,087
Gain related to sale of subsidiaries		0	7,882,967
Profit before tax		320	10,506,206
Tax on profit for the year	4	2,599	607
Deferred tax		-2,481	3,507
Net profit for the year		438	10,510,320

Balance Sheet 31 December

Assets

	Note	2023	2022
		TDKK	TDKK
Trade receivables		6,253	16,996
Tax receivable at year-end		0	63,418
Joint taxation receivable		2,599	140,810
Receivables from group enterprises		181,311	353
Other receivables		3	1
Deferred tax asset		730	3,513
Prepayments		21	25
Receivables		190,918	225,116
Cash at bank and in hand		1,210	902
Currents assets		192,128	226,018
Assets		192,127	226,018

Balance Sheet 31 December

Liabilities and equity

	Note	2023	2022
		TDKK	TDKK
Share capital		500	500
Retained earnings		85,763	127,058
Proposed dividend for the year		42,000	0
Equity	8	<u>128,263</u>	<u>127,558</u>
Trade payables		826	615
Payables to group enterprises	9	52,612	75,091
Other payables		<u>10,426</u>	<u>22,754</u>
Short-term debt		<u>63,864</u>	<u>98,460</u>
Debt		<u>63,864</u>	<u>98,460</u>
Liabilities and equity		<u>192,127</u>	<u>226,018</u>

Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January 2023	500	127,057	0	127,557
Net profit/loss for the year	0	-41,562	42,000	438
Equity ay 31 December 2023	500	85,763	42,000	128,263

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
1. Staff expenses		
Wages and salaries	15,710	18,297
Pensions	1,333	1,602
Other social security expenses	396	274
	<u>17,439</u>	<u>20,173</u>
Average number of employees	<u>17</u>	<u>12</u>

	Remuneration of Management 2023 DKK'000
Executive management	3,590
	<u>3,590</u>

ConvaTec PLC has implemented different share-based compensation programs for the Company's Executive Board, other key management persons and other eligible employees. Share-based compensation programs are granted on a yearly basis over a fixed period. Share-based compensation programs entitle the Executive Board, other key management persons and other eligible employees to buy shares in the ConvaTec PLC per agreement at a pre-agreed price.

The total share-based compensation are valued using the Black-Scholes model and the expense is recognised in the income statement (staff expenses) throughout the vesting period with a corresponding adjustment in equity.

2. Depreciation and amortisation of intangible assets and property, plant and equipment

Depreciation of property, plant and equipment	<u>0</u>	<u>7</u>
	<u>0</u>	<u>7</u>

3. Financial expenses

Interest paid to group enterprises	3,165	25,230
Exchange loss	51	848
	<u>3,216</u>	<u>26,078</u>

4. Tax on profit for the year

Current tax for the year	-2,599	-607
Deferred tax for the year	2,783	0
Adjustment of tax concerning previous years	-302	0
	<u>-118</u>	<u>-607</u>

Notes to the Financial Statements

5. Equity

The share capital consists of 500,000 shares of a nominal value of TDKK 1. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Share capital at 1 January	500	500	500	500	500
Capital increase	0	0	0	0	0
Capital decrease	0	0	0	0	0
Share capital at 31 December	500	500	500	500	500

6. Distribution of profit

Retained earnings	-41,562	-39,652
Extraordinary dividend paid	0	10,549,973
Proposed dividend for the year	42,000	0
	438	10,510,320

7. Contingent assets, liabilities and other financial obligations

	2023	2022
	TDKK	TDKK
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	693	733
Between 1 and 5 years	107	2,256
	800	2,989

Other contingent liabilities

The Company is party to a national Danish joint taxation scheme with ConvaTec Denmark Holdings as the management company. Consequently, the Company is jointly liable for corporation taxes for the jointly taxed companies. The Company is also jointly liable for any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies.

8. Related parties

Controlling interest	Basis
Convatec Denmark Holdings ApS	Immediate parent
Convatec Holdings U.K. Limited	Intermediate parent
Convatec Group Holdings Limited	Intermediate parent
Convatec Group PLC	Ultimate parent

Transactions

Trade with related parties, including trade with the parent company, is based on market terms.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Ultimate Parent:

Name	Place of registered office
Convatec Group PLC	UK

The Group Annual Report of ConvaTec Group PLC may be obtained at the following address:

3 Forbury Place, 23 Forbury Road, UK.

Notes to the Financial Statements

9. Fee to auditors appointed at the general meeting

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
Audit fee to Deloitte	<u>198</u>	<u>213</u>

10. Accounting Policies

The Annual Report of ConvaTec Denmark A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium - sized enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of ConvaTec Group PLC, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of ConvaTec Group PLC, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset 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 out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

All leases are considered operating leases. Payments made under operating leases are recognized in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognized directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognized in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Share-based payments

Equity-settled share-based payments to employees etc. are measured at the fair value of the award on the grant date. The fair value of the awards at the date of the grant, which is estimated to be equal to the market value, is expensed in the income statement (staff expenses) over the vesting period, with appropriate adjustments being made during the period to reflect expected and actual forfeitures. A corresponding entry is recorded directly through equity (retained earnings).

Notes to the Financial Statements

Income Statement

Revenue

Revenue from the sale of goods is recognized when the risks and rewards relating to the goods sold have been transferred to the customer, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognized exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages included in "Other external expenses".

Depreciation

Depreciation comprises depreciation of property, plant and equipment.

Income from investments in subsidiaries

Dividends from subsidiaries are recognized as income in the income statement when adopted at the General Meeting of the subsidiary.

Financial income and expenses

Financial income and expenses are recognized in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the loss for the year is recognized in the income statement, whereas the tax attributable to equity transactions is recognized directly in equity.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expense directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings etc 3 years

Depreciation period and residual value are reassessed annually.

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortization and depreciation.

If so, the asset is written down to its lower recoverable amount.

Notes to the Financial Statements

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Receivables

Receivables are measured in the balance sheet at the lower of amortized cost and net realizable value, which corresponds to nominal value less provisions for bad debts.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognized in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognized in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortized cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$