

Unomedical A/S

Åholmvej 1 - 3, DK-4320 Lejre

Annual Report for the year 1 January - 31 December 2021

CVR No: 64 15 33 15

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
29 June 2022

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Camilla C. Collet
Chairman

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Management's Statement

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Unomedical 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 financial position at 31 December 2021 of the Company and of the results of the Company's operations for 2021.

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.

Lejre, 28 June 2022

Executive Board

Kjersti Grimsrud

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Kjersti Grimsrud
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Supervisory Board

Niels Høy Nielsen

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Niels H. Nielsen
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Helle Egebjerg Kure

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Helle Egebjerg Kure
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Kjersti Grimsrud

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Independent Auditor's Report

To the Shareholder of Unomedical A/S

Opinion

We have audited the Financial Statements of Unomedical A/S for the financial year 1 January - 31 December 2021, which comprise 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 financial position of the Company 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. 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 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.

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, in our view, 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 in Management's Review.

Copenhagen, 28 June 2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No 33 96 35 56

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Kim Takata Mücke

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State Authorised Public Accountant
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Henrik Wolff Mikkelsen

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Henrik Wolff Mikkelsen
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Company Information

The Company

Unomedical A/S
Åholmvej 1 - 3
DK-4320 Lejre

CVR No: 64 15 33 15
Financial year: 1 January - 31 December
Municipality of reg. office: Lejre

Supervisory Board

Niels Høy Nielsen, Chairman
Helle Egebjerg Kure
Kjersti Grimsrud

Executive Board

Kjersti Grimsrud

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-2300 Copenhagen

Financial Highlights

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

	2021	2020	2019	2018	2017
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	2,115,516	1,980,463	1,721,635	1,598,330	1,742,656
Gross profit	950,605	913,088	820,962	778,849	905,083
Operating profit	741,078	746,891	677,042	668,512	798,297
Net financials	18,088	1,890	-2,217	47,197	-15,600
Net profit for the year	598,546	587,357	520,363	562,395	608,070
Balance sheet					
Balance sheet total	3,428,711	3,532,123	2,930,984	2,913,147	2,846,312
Equity	2,672,525	2,671,021	2,082,326	1,558,456	1,376,749
Investment in property, plant and equipment	131,696	226,859	146,488	69,671	89,386
Average number of employees	396	336	299	307	286
Ratios					
Gross margin	44.9%	46.1%	47.7%	48.7%	51.9%
Profit margin	35.0%	37.7%	39.3%	41.8%	45.8%
Return on assets	21.6%	21.2%	23.1%	22.9%	28.0%
Solvency ratio	77.9%	75.6%	71.0%	53.5%	48.4%
Return on equity	22.3%	24.7%	28.6%	38.3%	42.8%
Revenue per employee	5,342	5,894	5,758	5,206	6,093

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

Unomedical A/S is part of the Unomedical group of companies owned by the UK-based ConvaTec Group PLC.

Unomedical A/S holds a leading position as a supplier of medical disposable products for the healthcare sector worldwide. Unomedical works constantly, in an innovative manner, to improve the quality of life for millions of people around the world. The object of these products is to improve the lives of the people we touch. We drive for excellence in all we do - anticipating and addressing our customers' needs with advanced technologies and best in class products and services.

Unomedical A/S consists of two main divisions: Infusion Devices (IFD) and Industrial Sales (IS) and both divisions mainly operate under a business-to-business model.

Infusion Devices are primarily infusion sets used within diabetes care for subcutaneous infusion of insulin and secondarily infusion set used for subcutaneous drug delivery within other therapeutic areas. Industrial Sales is disposable hospital products, which are essential for providing basic nursing needs for hospital and homecare use. These products are characterized by having a long life-cycle, but there is a constant demand for new product updates and innovative solutions.

Development in the year

Net sales for 2021 measured in DKK increased by 6.8% to TDKK 2,115,516 compared to TDKK 1,980,463 in 2020.

Gross profit for 2021 amounted to TDKK 950,605, which is an increase of TDKK 37,517 compared to 2020.

EBIT amounts to TDKK 741,078, which is a decrease of TDKK 5,813 or 1% compared to 2020, where EBIT was TDKK 746,891.

The development in net sales is in line with expectations, while EBIT is below expectations drawn up in the 2020 annual report. The lower than expected level of EBIT, is primarily due to increased costs related to R&D to drive innovation and in manufacturing to drive further capacity and output.

The income statement of the company for 2021 shows a Net profit of TDKK 596,546, and at 31 December 2021 the balance sheet of the Company shows equity of TDKK 2,672,525.

At year-end 2021, the solvency ratio is 77.9% compared to 75.6% at year-end 2020.

Special risks - operating risks and financial risks

Operating risks

The main commercial risk of Unomedical A/S relates to the ability of sustaining its strong market position. Therefore, the company seeks to be at the cutting edge when it comes to technological and product development within our business areas and activities.

Foreign exchange risks

Unomedical A/S has considerable sales in foreign currencies, and accordingly, the company is 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

In 2022, the IFD Division is expected to be the key pillar in the future development, and the market growth is expected to be in the level of 7-8%.

In 2022, the focus will be on further investment in capacity expansion as well as focus on developing new products to drive the future business.

Net sales and EBIT for 2021 is expected to be in the level of 7-8% above 2021 on a like for like basis.

Management's Review

Research and development

The company has continuously been focusing on improving the quality and functionality of existing products and developing new product features to meet our customers' future demands and to improve the lives of the people we touch with our products.

Research and development spend amounts to app. 5% of revenue and on top of this we have invested a significant double digit MDKK amount in tangible assets related to new products. Our R&D efforts are focused on infusion sets used within diabetes care, infusion set used for subcutaneous drug delivery in general and of disposable hospital products for hospital and homecare use.

Intellectual capital resources

Being part of a very knowledge-based industry, where product development is important, makes Unomedical A/S dependent on deeply engaged employees and leaders. Our ambition of being a market leader within our field means that we constantly keep focus on developing the skills of our employees. Based on this, we will be able to adapt to a constantly changing market place and extend our activities.

Statutory statement of corporate social responsibility

Information about Unomedical A/S' general business model, is mentioned in the preceding paragraph "Main activity".

We work systemically to create a working environment based on our core values Improve care, Deliver results, Grow together, Own it and Do what's right, and we continuously have focus on optimising the organisation and improving the efficiency of our internal processes and procedures.

Unomedical A/S emphasises being a responsible and reliable business partner both externally and internally as well as offering equal opportunities for everyone, regardless of gender, age, ethnicity and political or religious orientation.

As such, we have 4 pillars that guide our focus within ESG (Environment, Social and Governance):

- **Delivering for customers** with products, services and solutions that are patient-centric, HCP-led, and innovation driven and that improve lives (customers). We listen to our customers/patients to understand their needs and continuously innovate to offer people living with chronic diseases the best care.
- **Enabling our people to thrive** by protecting their health and safety and using their talent for good (colleagues). The primary risk is related to the safety of our employees within manufacturing and the event that an employee gets injured when carrying out work at our manufacturing sites. We have rolled-out a 'Total Safety Leadership' training program to ensure strong focus on safety culture and practice. Injuries and accidents are reported regularly and followed up on. In 2021, a total of zero serious injuries were reported (zero in 2020). Unomedical A/S has been certified with a green smiley from the Danish Working Environment Authorities, and we expect to keep the high-level of focus within this area in 2022.
- **Behaving ethically and transparently** to protect and enhance our reputation across all our stakeholders and with our supply chain (commerce). Our commitment to human rights, freedom of association, and zero-tolerance of forced/child labour and discrimination is spelled out in our Human Rights & Labour Standards Policy and Code of Conduct. To enforce this, we continuously train our employees and have a compliance helpline for reporting any violations. In the financial year 2021, Unomedical A/S has not experienced any anti-corruption cases nor cases related to violating human rights, freedom of association, zero-tolerance of forced/child labour or discrimination. In relation to anti-corruption, the primary risk is exposing Unomedical A/S to unintended influence of Key Opinion Leaders, and in terms of human rights, the primary risk is a potential claim towards Unomedical A/S of violating human rights. Both instances could lead to criticism of the company and may impact our reputation. For 2022, this will continue to be an area of enhanced focus.
- **Protecting the planet and supporting communities** through the way we operate and the contribution we make to the world around us (communities). We have set an ambitious target; achieve net zero carbon by 2045. Our focus areas are green design guidelines, sustainable supply chain and manufacturing. To support community work, we have implemented a volunteering policy allowing all employees to have two days of community work yearly with full salary. In the financial year 2021, Unomedical A/S has not experienced any significant environmental issues and has not been cautioned or prosecuted for breaches of the environmental legislation. The primary risk is related to our manufacturing of products, e.g. emission to air and waste generation and also the consumption of energy and materials within our production. In the unlikely event of damage to the immediate environment, it could lead to criticism from stakeholders and loss of business reputation. For 2022, we expect to enhance our efforts within this area including reducing our carbon footprint from our manufacturing sites and have them all certified using renewable energy.

Diversity, Equity & Inclusion and Wellbeing including share of the underrepresented gender

We have an ambition of building a business where everybody can thrive. We have 4 focus areas:

- **Building a diverse workforce.** Unomedical A/S aspires to promote diversity and create equal opportunities for everyone, regardless of gender, age, ethnicity and political or religious orientation. Ambition is firmly rooted in Unomedical A/S' Code of Conduct. We partner with universities and offer internships/trainee programs to attract and develop young talents. As to candidates, we almost have an even split between female and male candidates. At management level, Unomedical A/S aims to have a balanced representation of men and women. We require to have min. one female candidate when recruiting senior leaders, and by Q4 2025 we aim for minimum 40% females in senior leadership positions (level 1-2). At senior level the management consist of 45% women and 55% men. In 2021, all recruited candidates account for 62% (62% in 2020) women and 38% (38% in 2020) men. Unomedical A/S aims at the underrepresented gender's share of the members elected by the General

Meeting represent more than 20%. At present, there is gender equality as the Supervisory Board currently consists of one male and two female members.

- **Cultivating an inclusive culture.** We have established 3 Employee Resource Groups (Women's network, Pride network, and Black employee network) to enhance engagement and inclusion. We have trained managers in anti-harassment and inclusive leadership, and we offer job and development opportunities for people who for some reason have fallen out of the job market.
- **Enhancing our reputation.** Our commitment to patients goes beyond delivering high quality products by supporting programs and NGO work in Diabetes and Parkinson.
- **Supporting wellbeing.** To support our employees mental and physical wellbeing, we launched a number of initiatives in 2021. Work flexibility and guidance on hybrid working, Focus Fridays to create space for focused work and less recurring meetings, and an additional day off yearly to relax, reflect and recharge. We monitor our employees' wellbeing through workplace assessments and an Organizational Health index survey – and target initiatives to further enhance wellbeing. Further, efforts are constantly made to enhance safety in all processes. Injuries and accidents are reported regularly and followed up on. In 2021, zero injuries were reported.

Management's Review

Data ethics

Unomedical 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 Unomedical 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.

Quality

The primary risk is a potential product recall due to patient safety related preventive actions which cause patient challenges. No such cases were reported in 2021.

The quality of the company is governed by a general quality policy, which lays down processes and procedures, in which staff are trained on a continual basis. Staff skills are also maintained based on internal and external courses and on the job training. The result of this activity is increased product quality and reduced material wastage.

Unusual events

The financial position at 31 December 2021 of the company and the results of the activities of the Company for the financial year for 2021 have not materially been affected by any unusual events.

Subsequent events

After the balance sheet date, Convatec has decided to exit the hospital care business as well as close down the manufacturing site in Minsk, Belarus. For Unomedical A/S this will have significant impact to the Industrial Sales unit and as such our financial statements for 2022 as well as our investment in the subsidiaries in Belarus and Slovakia.

Income Statement 1 January - 31 December

	Note	2021	2020
		TDKK	TDKK
Revenue	1	2,115,516	1,980,463
Change in inventories of finished goods, work in progress and goods for resale		-16,379	28,021
Other operating income	2	4,680	17,605
Expenses for raw materials and consumables		-873,997	-870,254
Other external expenses		-279,215	-242,747
Gross profit		950,605	913,088
Staff expenses	3	-130,157	-97,924
Depreciation and amortisation of intangible assets and of property, plant and equipment	4	-79,370	-68,273
Profit before financial income and expenses		741,078	746,891
Income from investments in subsidiaries		7,436	7,443
Financial income	5	43,678	28,773
Financial expenses	6	-33,027	-34,326
Profit before tax		759,165	748,781
Tax on profit for the year	7	-162,619	-161,424
Net profit for the year		596,546	587,357

Balance Sheet 31 December

Assets

	Note	2021	2020
		TDKK	TDKK
Completed development projects		12,616	21,124
Acquired other similar rights		27,249	33,570
Development projects in progress		4,523	6,949
Software		570	0
Intangible assets	8	44,958	61,643
Land and buildings		15,691	17,936
Plant and machinery		299,674	190,318
Other fixtures and fittings, tools and equipment		3,583	1,723
Property, plant and equipment in progress		264,004	303,772
Property, plant and equipment	9	582,952	513,749
Investments in subsidiaries	10	403,156	403,156
Receivables from group enterprises	11	727,401	1,965,620
Fixed asset investments		1,130,557	2,368,776
Fixed assets		1,758,467	2,944,168
Raw materials and consumables		127,415	109,131
Work in progress		19,274	40,158
Finished goods and goods for resale		151,554	147,049
Inventories		298,243	296,338
Trade receivables		290,220	190,802
Receivables from group enterprises		1,052,713	50,732
Other receivables		14,902	17,341
Corporation tax		0	0
Receivables		1,357,835	258,875
Cash at bank and in hand		14,166	32,742
Currents assets		1,670,244	587,955
Assets		3,428,711	3,532,123

Balance Sheet 31 December

Liabilities and equity

	Note	2021	2020
		TDKK	TDKK
Share capital		126,000	126,000
Reserve for development costs		13,368	21,897
Retained earnings		1,533,157	1,923,124
Proposed dividend		1,000,000	600,000
Equity	12	2,672,525	2,671,021
Provision for deferred tax	14	48,381	43,418
Provisions		48,381	43,418
Payables to group enterprises		311,789	311,789
Long-term debt	15	311,789	311,789
Trade payables		81,469	80,263
Payables to group enterprises	15	77,096	111,440
Corporation tax		123,588	161,790
Other payables		113,863	152,402
Short-term debt		396,016	505,895
Debt		707,805	817,684
Liabilities and equity		3,428,711	3,532,123
Distribution of profit	13		
Contingent assets, liabilities and other financial obligations	16		
Related parties	17		
Fee to auditors appointed at the general meeting	18		
Accounting Policies	19		

Statement of Changes in Equity

	Share capital	Reserve for development costs	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January 2021	126,000	21,897	1,923,124	600,000	2,671,021
Share Based Payment	0	0	4,958	0	4,958
Ordinary dividend paid	0	0	0	-600,000	-600,000
Development costs for the year	0	-8,529	8,529	0	0
Net profit for the year	0	0	-403,454	1,000,000	596,546
Equity at 31 December 2021	126,000	13,368	1,533,157	1,000,000	2,672,525

Notes to the Financial Statements

	2021	2020
	TDKK	TDKK
1. Revenue		
Sale of goods	2,115,516	1,980,463
	2,115,516	1,980,463

For competitive reasons, the Company has not provided information on revenue distribution by business and geographic segments.

2. Other operating income

Other operating income comprise royalties and management fees received.

3. Staff expenses

Wages and salaries	106,594	79,514
Pensions	19,760	16,032
Other social security expenses	3,803	2,378
	130,157	97,924
Average number of employees	396	336

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

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 compensations are valued using the Black-Scholes model and the expense is recognized in the income statement (staff expenses) throughout the vesting period with a corresponding adjustment in equity.

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

Amortisation of intangible assets	15,383	9,454
Depreciation of property, plant and equipment	62,205	56,714
Loss on disposal	1,782	2,105
	79,370	68,273

Notes to the Financial Statements

	2021	2020
	TDKK	TDKK
5. Financial income		
Interest received from group enterprises	3,481	23,612
Other financial income	1	83
Exchange gains	40,196	5,078
	43,678	28,773

6. Financial expenses

Interest paid to group enterprises	9,129	9,041
Other financial expenses	69	44
Exchange loss	23,829	25,241
	33,027	34,326

7. Tax on profit for the year

Current tax for the year	160,364	161,790
Deferred tax for the year	2,687	-464
Adjustment of tax concerning previous years	-2,708	-104
Adjustment of deferred tax concerning previous years	2,276	202
	162,619	161,424

8. Intangible assets

	Software	Completed development projects	Acquired other similar rights	Development projects in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	0	95,338	40,082	6,949
Additions for the year	570	0	553	3,546
Disposals for the year	0	0	0	-5,972
Transfers for the year	0	0	0	0
Cost at 31 December	570	95,338	40,635	4,523
Amortisation at 1 January	0	74,214	6,512	0
Amortisation for the year	0	8,508	6,875	0
Reversal of impairment and depreciation of sold assets	0	0	0	0
Amortisation at 31 December	0	82,722	13,386	0
Carrying amount at 31 December	570	12,616	27,249	4,523

Notes to the Financial Statements

9. Property, plant and equipment

	Land and buildings	Production equipment, tools and machinery	Other fixtures and fittings, and equipment	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	82,628	661,474	5,991	303,772
Additions for the year	0	0	0	133,196
Disposals for the year	-494	-23,950	-185	-1,500
Transfers for the year	0	168,914	2,550	-171,464
Cost at 31 December	82,134	806,438	8,355	264,004
Depreciation at 1 January	64,692	471,156	4,267	0
Depreciation for the year	2,245	59,270	690	0
Reversal of impairment and depreciation of sold assets	-494	-23,662	-185	0
Depreciation at 31 December	66,443	506,764	4,772	0
Carrying amount at 31 December	15,691	299,674	3,583	264,004

10. Investments in subsidiaries

	2021	2020
	TDKK	TDKK
Cost at 1 January	856,786	856,786
Additions for the year	0	0
Liquidation of subsidiary	0	0
Cost at 31 December	856,786	856,786
Impairment adjustments at 1 January	-453,630	-453,630
Impairments for the year, net	0	0
Impairment adjustments at 31 December	-453,630	-453,630
Carrying amount at 31 December	403,156	403,156

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Pharma Plast Productors Medicos S.A.	Spain	100%
Unomedical Holdings Limited	England	100%
ConvaTec Oy	Finland	100%
Unomedical Devices SA de CV	Mexico	100%
ZAO ConvaTec	Russia	100%
Unomedical s.r.o.	Slovakia	100%
Unomedical America Inc.	USA	100%
Fe Unomedical Limited	Belarus	100%
Papyro-Tex A/S	Denmark	100%

Notes to the Financial Statements

11. Other fixed asset investments

	Receivables from group enterprises
	TDKK
Cost at 1 January	1,965,620
Additions for the year, net	-1,238,219
Cost at 31 December	727,401
Carrying amount at 31 December	727,401

12. Equity

The share capital consists of 126,000 shares of a nominal value of TDKK -. No shares carry any special rights.

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

	2021	2020
	TDKK	TDKK

13. Distribution of profit

Retained earnings	-403,454	-12,643
Proposed dividend for the year	1,000,000	600,000
	596,546	587,357

14. Provision for deferred tax

Provision for deferred tax at 1 January	43,418	43,681
Amounts recognised in the income statement for the year	4,963	-263

Provision for deferred tax at 31 December	48,381	43,418
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Intangible assets	1,008	7,577
Property, plant and equipment	13,194	8,142
Inventories	13,530	12,010
Share based payment	-2,836	-1,888
Other	23,485	17,577
	48,381	43,418

Deferred tax has been provided at 22% corresponding to the current tax rate.

Notes to the Financial Statements

	2021	2020
	TDKK	TDKK
15. Long-term debt		
Payments due within 1 year are presented as short-term debt. Remaining debt is presented as long-term debt.		
The debt falls due for payment as specified below:		
Payables to group enterprises		
Between 1 and 5 years	311,789	311,789
Long-term part	311,789	311,789
Short-term debt to group enterprises	77,096	111,440
	388,885	423,229

16. Contingent assets, liabilities and other financial obligations

Charges and security

The Company assets have been placed as security with ConvaTec Finance Holdings Limited, UK Intercompany loan agreement.

The Company has through its bank provided guarantees related to the employee share programme.

The guarantee amounts to	4,931	3,186
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Rental and lease obligations

Rental and lease obligations until maturity	20,236	1,605
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Other contingent liabilities

The Company is party to a national Danish joint taxation scheme with ConvaTec Denmark A/S 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.

The Company is party to minor cases and disputes. The Company believes that these cases will not trigger claims in excess of what has already been provided for in the financial statements.

The Company has incurred contractual obligations in the normal course of operations and development projects with suppliers. The total amount of contractual obligations amount up to DKK 147.0m. at 31 December 2021.

Notes to the Financial Statements

17. Related parties

Controlling interest	Basis
ConvaTec Denmark A/S	Immediate parent
ConvaTec International Services GmbH, Switzerland	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.

2021	2020
TDKK	TDKK

18. Fee to auditors appointed at the general meeting

Audit fee to Deloitte	830	822
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19. Accounting Policies

The Annual Report of Unomedical A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 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.

Notes to the Financial Statements

19. Accounting Policies (continued)

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.

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 recognised in financial income and expenses in the income statement.

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 recognised in financial income and expenses in the income statement.

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

Segment information on revenue

For competitive reasons, the Company has not provided information on revenue distribution by business and geographic segments.

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. The corresponding adjustment is reversed through equity (retained earnings).

Income Statement

Revenue

Revenue from the sale of goods is recognised 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.

Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods and work in progress. This item includes ordinary write-downs of such inventories. Changes in inventories of raw materials are included in costs of raw materials and consumables.

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.

Other external expenses also include research and development costs that do not qualify for capitalisation.

Notes to the Financial Statements

19. Accounting Policies (continued)

Staff expenses

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

Amortisation and depreciation

Amortisation and depreciation comprise amortisation and depreciation of intangible assets and property, plant and equipment.

Other operating income

Other operating income comprise items of a secondary nature to the main activities of the Company, primarily royalties and management fees received.

Income from investments in subsidiaries

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

Financial income and expenses

Financial income and expenses are recognised 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 profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised 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

Intangible assets

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

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 costs are recognised as costs in the income statement as incurred.

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

Indirect production costs in the form of indirect attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis over five years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Notes to the Financial Statement

19. Accounting Policies (continued)

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs.

Indirect production costs in the form of indirect attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

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:

Buildings	20 - 25 years
Production equipment and machinery	5 - 15 years
Other fixtures and fittings etc	3 - 5 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Investments in subsidiaries

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

Other fixed asset investments

Other fixed asset investments consist of Receivables from group enterprises.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

Receivables

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

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Notes to the Financial Statements

19. Accounting Policies (continued)

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised 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 recognised in the income statement in financial income and expenses

Financial debts

Debts are measured at amortised 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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$