

Unomedical A/S

Åholmvej 1 - 3, DK-4320 Lejre

Annual Report for the year 1 January - 31 December 2023

CVR No: 64 15 33 15

The Annual Report was
presented and adopted at
the Annual General Meeting
of the Company on
08 July 2024

DocuSigned by:



Mercedes Armendariz

Chairman

Signing Reason: I approve this document

Signing Time: Jul 9, 2024 | 10:31:15 AM BST

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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 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.

Lejre, 08 July 2024

Executive Board

Kjersti Grimsrud

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Kjersti Grimsrud

Signer Name: Kjersti Grimsrud

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Supervisory Board

Maria Mercedes Armendariz Sola
Chairman

Michael Christian Remy Jensen

Kjersti Grimsrud

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M. Armendariz

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Michael Remy Jensen

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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 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

Independent Auditor's Report

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 July 2024

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No 33 96 35 56

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Henrik Wolff Mikkelsen



Signer Name: Henrik Wolff Mikkelsen

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Signing Time: Jul 8, 2024 | 8:01:00 PM BST

Henrik Wolff Mikkelsen

State Authorised Public Accountant

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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

Maria Mercedes Armendariz Sola
Michael Christian Remy Jensen
Kjersti Grimsrud

Executive Board

Kjersti Grimsrud

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-0900 København C

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					
Revenue	2,646,661	2,563,866	2,115,516	1,980,463	1,721,635
Gross profit	905,597	1,103,386	950,605	913,088	820,962
Operating profit	702,272	880,856	741,078	746,891	677,042
Net financials	48,895	1,667,200	18,088	1,890	-2,217
Net profit for the year	534,579	2,403,878	596,546	587,357	520,363
Balance sheet					
Balance sheet total	2,622,426	2,735,339	3,428,711	3,532,123	2,930,984
Equity	1,831,695	2,204,754	2,672,525	2,671,021	2,082,326
Investment in property, plant and equipment	123,353	266,927	131,696	226,859	146,488
Average number of employees	465	475	396	336	299
Ratios					
Gross margin	34.2%	43.0%	44.9%	46.1%	47.7%
Profit margin	26.5%	34.4%	35.0%	37.7%	39.3%
Return on assets	26.8%	32.2%	21.6%	21.2%	23.1%
Solvency ratio	69.8%	80.6%	77.9%	75.6%	71.0%
Return on equity	26.5%	98.6%	22.3%	24.7%	28.6%
Revenue per employee	5,692	5,061	5,342	5,894	5,758

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 consisted of two main divisions for many years: Infusion Devices (IFD) and Industrial Sales (IS) and both divisions mainly operated under a business-to-business model. In May 2022, the company announced the strategic decision to discontinue the bulk of Industrial sales by the end of Q1, 2023.

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. Discontinued Industrial Sales is disposable hospital products, which are essential for providing basic nursing needs for hospital and homecare use.

Development in the year

Net sales for 2023 measured in DKK increased by 3,23% to TDKK 2,646,661 compared to TDKK 2,563,866 in 2022.

Gross profit for 2023 amounted to TDKK 905.597, which is a decrease of TDKK 197.789 compared to 2022.

EBIT amounts to TDKK 702.272, which is a decrease of TDKK 178.584 or 20% compared to 2022, where EBIT was TDKK 880,856.

The development in net sales and EBIT is in line with expectations.

Profit for 2023 decreased compared with 2022 mainly due to the gain in investments in subsidiaries reflected in 2022.

The income statement of the company for 2023 shows a Net profit of TDKK 534,579, and on 31 December 2023 the balance sheet of the Company shows equity of TDKK 1,831,695.

At year-end 2023, the solvency ratio is 69,8% compared to 80.6% at year-end 2022.

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 2024, the IFD Division is expecting market growth in the level of 7% in the durable pump market.

In 2024, 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 for 2024 is expected to be in the level of 10-12% above 2023 on a like for like basis, with positive changes to product mix over and above market growth. EBIT forecasted to be in mid-single digits as inflationary pressures have increased our production costs.

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.

Management's Review

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 optimizing the organization and improving the efficiency of our internal processes and procedures.

Unomedical A/S emphasizes being a responsible and reliable business for the benefit of all of our internal and external stakeholders. As such, we have four pillars that guide our ESG (Environment, Social and Governance) commitments and activity:

- **Customers - Delivering for customers** with products, services and solutions that are patient-centric, HCP-led, and innovation driven and that improve lives. We listen to our customers/patients to understand their needs and continuously innovate to offer people living with chronic diseases the best care. We understand that in order to close the care gap, we must offer solutions with three components: product, digital offerings and services. We prioritise product quality to ensure the health and safety of our customers at all times, we have implemented enhanced key performance indicators in our quality system and set a target to reduce complaints per million (CPM).
- **Colleagues - Enabling our people to thrive** by protecting their health and safety and using their talent for good. 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 incidents are investigated. In 2023, a total of three serious injuries were reported (fourth in 2022). 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 2024. Also as part of our commitment to colleagues, we are expanding a range of new Diversity, Equity & Inclusion (DE&I) and Wellbeing programmes as described in the section below.
- **Commerce - Behaving ethically and transparently** to protect and enhance our reputation across all our stakeholders and with our supply chain. Our commitment to human rights, freedom of association, and zero-tolerance of forced/child labour and discrimination is detailed in our Human Rights & Labour Standards Policy which was updated in 2022, and our Code of Conduct and Business Ethics. To enforce this, we require annual mandatory training for our employees and have a compliance helpline for reporting any violations. In the financial year 2023, Unomedical A/S has not experienced any anti-corruption cases nor cases related 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 would claim towards Unomedical A/S of violating human rights further in the supply chain. Both instances could lead to criticism of the company and may impact our reputation. For 2024, this will continue to be an area of enhanced focus as we look to engage our supply chain further on topics of Human Rights.
- **Communities - Protecting the planet and supporting communities** through the way we operate and the contribution we make to the world around us. We've started by focusing on our operations, setting emissions reduction targets and expanding our renewable energy infrastructure in our manufacturing sites. We have progressed the Science Based Target process to inform the reduction targets we need to meet to reach net zero before 2045. Our green design guidelines, renewable energy initiatives and emissions reduction strategies focus on our own operations (Scope 1 and 2 emissions), while our supplier engagement strategy will help us reduce our Scope 3 emissions. To support community work, we have implemented a volunteering policy allowing all employees to have a minimum of two paid days of community work yearly and encourage use of these days through the 'Forever caring' campaign. In the financial year 2023, 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 environmental risk is related to manufacturing of products, such as greenhouse gas emissions, water use, waste generation and energy use, as well as the use of carbon-intensive raw materials used in our products. In the unlikely event of damage to the immediate environment, it could lead to criticism from stakeholders and loss of business reputation. For 2024, we expect to enhance our efforts within this area including reducing our carbon footprint from our manufacturing sites and achieving 100% use of renewable energy at our manufacturing sites.

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

We seek to be a business where everybody can thrive. We have four focus areas that inform our approach to DE&I and Wellbeing:

- **Cultivating an inclusive culture.** We have established three Employee Resource Groups (Women's network, Pride Network, and Black Employee Network), each with an executive-level sponsor, 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 have been out of the job market. In 2024, DE&I goals were set for all people leaders as part of 2024 objectives setting process.

Management's Review

- **Building a diverse workforce with greater gender and ethnic diversity across our leadership.** 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. In 2023, our candidate pool saw almost 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 minimum of one female candidate when recruiting senior leaders, and we have set a target that 40% of senior positions (level 1-2) will be held by women by Q4 2025. At senior level the management consist of 38% women and 62% men. In 2023, the gender split of all employees was 53% women and 47% men.

Position	Number of Men	Number of Women	Percentage of Men	Percentage of Women
Board of directors	1	2	33%	67%
Executive management	0	1	0%	100%
Other management level	0	1	0%	100%

- **Supporting wellbeing as a priority for colleagues.** To support our employees' mental and physical wellbeing, we expanded a number of initiatives in 2023. Work flexibility and guidance on hybrid working, Focus Fridays to create space for focused work and less recurring meetings, clarifying career pathways, and an additional day off yearly to relax, reflect and recharge. We monitor our employees' wellbeing through workplace assessments such as a third iteration of an Organizational Health Index survey – and target initiatives to further enhance wellbeing.
- **Enhancing our reputation through leveraging our scale, partnerships and programmes.** Our commitment to patients goes beyond delivering high quality products by supporting programs and NGO work in Diabetes and Parkinson's, contributing both to issues around health equity. Our work with local colleges through events such as innovation days also demonstrates our commitment to communities.

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.

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 on 31 December 2023 of the Company and the results of the activities of the Company for the financial year for 2023 have not been affected by any unusual events.

Subsequent events

No events post the balance sheet date to report.

Income Statement 1 January - 31 December

	Note	2023	2022
		TDKK	TDKK
Revenue	1	2,646,661	2,563,866
Change in inventories of finished goods, work in progress and goods for resale		-95,169	98,615
Other operating income	2	0	4,838
Expenses for raw materials and consumables		-1,160,639	-1,204,796
Other external expenses		-485,256	-359,137
Gross profit		905,597	1,103,386
Staff expenses	3	-137,996	-130,734
Depreciation and amortisation of intangible assets and of property, plant and equipment	4	-65,329	-91,796
Profit before financial income and expenses		702,272	880,856
Dividends income		5,206	0
Gain related to sales of subsidiaries		0	1,742,345
Impairment of investments in subsidiaries		0	-2,051
Financial income	5	103,343	77,353
Financial expenses	6	-59,654	-150,447
Profit before tax		751,167	2,548,056
Tax on profit for the year	7	-216,588	-144,178
Net profit for the year		534,579	2,403,878

Balance Sheet 31 December

Assets	Note	2023	2022
		TDKK	TDKK
Completed development projects		1,970	4,598
Acquired other similar rights		13,722	20,374
Software		0	3,109
Intangible assets	8	15,692	28,081
Land and buildings		177,194	13,645
Plant and machinery		466,996	315,234
Other fixtures and fittings, tools and equipment		4,104	3,240
Property, plant and equipment in progress		196,623	445,269
Property, plant and equipment	9	844,917	777,388
Investments in subsidiaries	10	173,829	173,829
Receivables from group enterprises	11	893,207	815,241
Fixed asset investments		1,067,036	989,070
Fixed assets		1,927,645	1,794,539
Raw materials and consumables		242,161	197,240
Work in progress		1,530	32,417
Finished goods and goods for resale		202,874	272,446
Inventories		446,565	502,103
Trade receivables		168,128	382,585
Receivables from group enterprises		19,684	26,551
Other receivables		52,534	22,367
Receivables		240,346	431,503
Cash at bank and in hand		7,870	7,194
Currents assets		694,781	940,800
Assets		2,622,426	2,735,339

Balance Sheet 31 December

Liabilities and equity	Note	2023	2022
		TDKK	TDKK
Share capital		126,000	126,000
Reserve for development costs		1,536	3,586
Retained earnings		1,004,159	1,175,168
Proposed dividend		700,000	900,000
Equity	12	<u>1,831,695</u>	<u>2,204,754</u>
Provision for deferred tax	14	<u>60,612</u>	<u>54,091</u>
Provisions		<u>60,612</u>	<u>54,091</u>
Trade payables		113,467	117,360
Payables to group enterprises	15	336,075	129,420
Joint taxation payable		156,451	138,115
Other payables to group enterprises		0	353
Other payables		<u>124,126</u>	<u>91,246</u>
Short-term debt		<u>730,119</u>	<u>476,494</u>
Debt		<u>730,119</u>	<u>476,494</u>
Liabilities and equity		<u><u>2,622,426</u></u>	<u><u>2,735,339</u></u>
Distribution of profit	13		
Contingent assets, liabilities and other financial obligations	16		
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Statement of Changes in Equity

	Share capital	Reserve for development costs	Retained earnings	Proposed dividend	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January 2023	126,000	3,586	1,175,168	900,000	2,204,754
Group contributions	0	0	-7,638	0	-7,638
Ordinary dividend paid	0	0	0	-900,000	-900,000
Dissolution of reserves	0	-2,049	2,049	0	0
Extraordinary dividend paid	0	0	0	0	0
Profit/loss for the year	0	0	-165,420	700,000	534,579
Equity at 31 December 2023	126,000	1,536	1,004,159	700,000	1,831,695

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
1. Revenue		
Sale of goods	2,646,661	2,563,866
	<u>2,646,661</u>	<u>2,563,866</u>

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

2. Other operating income

No other operating income in 2023 vs TDKK 4,838 in 2022.

3. Staff expenses

Wages and salaries	105,768	101,754
Pensions	27,446	24,267
Other social security expenses	4,782	4,713
	<u>137,996</u>	<u>130,734</u>
Average number of employees	<u>465</u>	<u>475</u>

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 recognised in the income statement (staff expenses) throughout the vesting period. A corresponding adjustment is reversed through equity (retained earnings).

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

Amortisation of intangible assets	9,506	14,893
Depreciation of property, plant and equipment	55,028	71,041
Impairment losses on intangible assets	0	4,523
Loss on disposal	795	1,339
	<u>65,329</u>	<u>91,796</u>

5. Financial income

Interest received from group enterprises	33,743	11,212
Other financial income	27,697	41
Exchange gains	41,903	66,100
	<u>103,343</u>	<u>77,353</u>

6. Financial expenses

Impairment losses on financial assets	0	94,725
Interest paid to group enterprises	0	6,714
Other financial expenses	195	67
Exchange loss	59,459	48,941
	<u>59,654</u>	<u>150,447</u>

Notes to the Financial Statements

7. Tax on profit for the year

	2023	2022
	TDKK	TDKK
Current tax for the year	157,232	137,693
Deferred tax for the year	6,520	5,710
Adjustment of tax concerning previous years	52,836	775
Adjustment of deferred tax concerning previous years	0	0
	216,588	144,178

8. Intangible assets

	Software	Completed development projects	Acquired other similar rights
	TDKK	TDKK	TDKK
Cost at 1 January	3,109	95,338	40,635
Additions for the year	0	0	227
Disposals for the year	-3,109	0	0
Cost at 31 December	0	95,338	40,862
Amortisation at 1 January	0	90,740	20,261
Amortisation for the year	0	2,628	6,879
Amortisation at 31 December	0	93,368	27,140
Carrying amount at 31 December	0	1,970	13,722

Development projects include direct costs in relation to development and designing of customized medical devices for subcutaneous infusion treatment primarily for the treatment of diabetes and new therapy areas such as Parkinson's disease. Completed projects are taken into use in the financial year and are normally depreciated over five years.

The completed development projects are considered an important part of the company's earnings as well as commercial strategy.

The management has found no indications of impairment in relation to the accounting value of the company's development projects.

Notes to the Financial Statements

9. Property, plant and equipment

	Land and buildings	Production equipment, tools and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	82,134	882,857	8,458	445,269
Additions for the year	0	47,565	0	75,788
Disposals for the year	0	-2,995	-92	0
Transfers for the year	166,104	155,413	2,148	-323,665
Cost at 31 December	248,238	1,082,840	10,514	197,393
Depreciation at 1 January	68,489	567,623	5,218	0
Depreciation for the year	2,555	51,189	1,284	0
Write Down	0	0	0	769
Reversal of impairment and depreciation of sold assets	0	-2,968	-92	0
Depreciation at 31 December	71,044	615,844	6,410	769
Carrying amount at 31 December	177,194	466,996	4,104	196,623

The interest capitalized within property, plant and equipment in progress is 14.7M in 2023.

10. Investments in subsidiaries

	2023	2022
	TDKK	TDKK
Cost at 1 January	571,118	856,786
Adjustment at 1 January	0	-74,572
Disposals	0	-211,096
Cost at 31 December	571,118	571,118
Impairment adjustments at 1 January	-397,289	-453,630
Adjustment at 1 January	0	74,572
Impairments for the year	0	-16,180
Reversal of previous impairment	0	-2,051
Impairment at 31 December	-397,289	-397,289
Carrying amount at 31 December	173,829	173,829

Investments in subsidiaries are specified as follows:

Investments in subsidiaries	Registered in	Equity interest	Equity	Profit /loss
			TDKK	TDKK
Pharma Plast Productors Medicos S.A.	Spain	100%		
Unomedical Holdings Limited	UK	100%	0	0
Unomedical Limited	UK	100%	148,742	7,234
Unomedical Devices SA de CV	Mexico	100%	164,213	19,361
ZAO Convatec	Russia	100%	23,285	-9,369

Notes to the Financial Statements

Details on investments in Pharma Plast Products Medicos S.A. and Unomedical Americas Inc. has not been shown in accordance to section 97a(3) of Danish Financial Statement Act.

Other fixed asset investments

	Receivables from group enterprises
	TDKK
Cost at 1 January	815,241
Additions for the year, net	77,966
Cost at 31 December	893,207
Carrying amount at 31 December	893,207

11. Equity

The share capital consists of 126,000 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
	TDKK	TDKK
Retained earnings	-165,420	-367,834
Extraordinary dividend	0	1,871,712
Proposed dividend for the year	700,000	900,000
	534,581	2,403,878

13. Provision for deferred tax

Provision for deferred tax at 1 January	54,091	48,381
Amounts recognised in the income statement for the year	6,521	5,710
Provision for deferred tax at 31 December	60,612	54,091
Intangible assets	27	493
Property, plant and equipment	31,387	16,298
Inventories	15,544	21,477
Share based payment	-3,455	-2,869
Other	17,110	18,692
	60,612	54,091

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

14. 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:

Short-term debt to group enterprises	336,075	129,420
	336,075	129,420

Notes to the Financial Statements

15. 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.

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
The guarantee amounts to	5,339	4,439
Rental and lease obligations		
Rental and lease obligations until maturity	3,001	15,691

Other contingent liabilities

The Company is party to a national Danish joint taxation scheme with ConvaTec Denmark Holdings ApS as the administration 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 amounts up to DKK 27.0m. at 31 December 2023.

16. Related parties

Controlling interest

Convatec Denmark Holdings ApS
Convatec Holdings U.K. Limited
Convatec Group Holdings Limited
Convatec Group PLC

Basis

Immediate parent
Intermediate parent
Intermediate parent
Ultimate parent

Controlling interest

Convatec Denmark Holdings ApS
Convatec Holdings U.K. Limited
Convatec Group Holdings Limited
Convatec Group PLC

Country

DK
GB
GB
GB

Address

Åholmvej 1, DK-4320 Lejre
First Avenue, Deeside Industrial Park, Flintshire CH5 2NU
Floor 7, 20 Eastbourne Terrace, Paddington, London, W2 6LG
7th Floor 20 Eastbourne Terrace - LONDON - Post Code: 455996

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

Convatec Group PLC

Place of registered office

UK

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

3 Forbury Place, 23 Forbury Road, UK.

17. Fee to auditors appointed at the general meeting

Audit fee to Deloitte

888

833

Notes to the Financial Statements

18. Accounting Policies

The Annual Report of Unomedical A/S for 2023 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 2023 are presented in TDKK.

Material errors in previous years

During the preparation of the financial statements for the fiscal year 2023, a significant error was identified concerning the impairment of investments. In the previous fiscal year, an impairment of investments amounting to DKK 145,438 thousand was mistakenly recorded. This error has been corrected by adjusting the comparative figures for the previous fiscal year. The adjustment increases investments and equity by DKK 145,438 thousand compared to the previously published figures.

The corrected impairment does not affect the income statement for the current fiscal year.

This correction has been made in accordance with relevant accounting standards and legislation, including the requirements of Danish accounting legislation, which prescribe that significant errors must be corrected retrospectively.

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.

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).

Notes to the Financial Statements

19. Accounting Policies (continued)

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 recognised 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 capitalization.

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 utilization, 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.

Notes to the Financial Statements

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

19. Accounting Policies (continued)

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 licenses 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.

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, labour costs and interest.

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 realizable value.

The net realizable 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.

Notes to the Financial Statements

Deferred tax assets and liabilities

19. Accounting Policies (continued)

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.

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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$
Revenue per employee	$\frac{\text{Revenue}}{\text{Average number of employees}}$