

IMPORTANT NOTICE

THIS OFFERING (THE “OFFERING”) IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR (2) OUTSIDE OF THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT (“REGULATION S”) (AND, IF INVESTORS ARE RESIDENT IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (THE “EEA”) OR THE UNITED KINGDOM (THE “UK”), NOT A RETAIL INVESTOR (AS DEFINED HEREIN)).

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached Offering Memorandum, and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of the attached Offering Memorandum. In accessing the attached Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from 180 Medical, Inc. (the “Issuer”) and/or Convatec Group plc as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES (AS DEFINED IN THE ATTACHED OFFERING MEMORANDUM) HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE NOTES.

Restrictions: The materials relating to the Offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the Offering be made by a licensed broker or dealer and the Initial Purchasers listed in the attached Offering Memorandum (the “Initial Purchasers”) or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the Offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of the Issuer in such jurisdiction.

The attached Offering Memorandum is being furnished in connection with an offering exempt from registration under the Securities Act. Nothing in this electronic transmission constitutes an offer of securities for sale to the public in the United States.

Any securities to be issued will not be registered under the Securities Act or the securities laws of any other jurisdiction and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Securities may not be offered or sold except to persons that are reasonably believed to be qualified institutional buyers, as defined in, and in reliance on, Rule 144A, or pursuant to offers and sales to non-U.S. persons (as defined in Regulation S) that occur outside of the United States within the meaning of, and in reliance on, Regulation S. In addition, with respect to Notes initially sold pursuant to Regulation S, until the expiration of a 40-day distribution compliance period (as defined under Regulation S) commencing on the later of commencement of the Offering or the issue date of the Notes, the Notes may not be offered or sold in the United States, except pursuant to Rule 144A or another exemption from the registration requirements of the Securities Act.

Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II (as defined below); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is

responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels. Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended ("UK MiFIR"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered or sold to and should not be offered or sold to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation"). No key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling any in scope instrument or otherwise making such instruments available to retail investors in the EEA has been prepared. Offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the "EUWA"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA (the "UK Prospectus Regulation"). Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

The attached Offering Memorandum is for distribution only to, and is directed solely at, persons who (i) are outside the UK, (ii) are investment professionals, as such term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), (iii) are persons falling within Article 49(2)(a) to (d) of the Financial Promotion Order, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any Notes may otherwise be lawfully communicated or caused to be communicated (all such persons together being referred to as "Relevant Persons"). The attached Offering Memorandum is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which the attached Offering Memorandum relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Any person who is not a Relevant Person should not act or rely on the attached Offering Memorandum or any of its contents.

Confirmation of your representation: In order to be eligible to view the attached Offering Memorandum or make an investment decision with respect to the Notes, you must: (i) be a qualified institutional buyer (as defined in Rule 144A under the Securities Act) or (ii) be outside the United States or (iii) if you are resident in a member state of the EEA or the UK, you must not be a "retail investor" (as defined below). You have been sent the attached Offering Memorandum on the basis that you have confirmed to one or more of the Initial Purchasers, being the sender or senders of the attached, that either: (1)(a) you and any customers you represent are qualified institutional buyers or (b) the e-mail address to

which the attached Offering Memorandum has been delivered is not located in the United States, its territories and possessions, any state of the United States or the District of Columbia; “possessions” include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands and, in either case, that you consent to delivery by electronic transmission, (2) if you are a resident in a Member State of the EEA, you are not a “retail investor” and (3) if you are a resident of the UK, you are not a “retail investor.”

The attached Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and, consequently, none of the Initial Purchasers, any person who controls any of the Initial Purchasers, the Issuer or any of its subsidiaries, nor any director, officer, employer, employee or agent of theirs, or affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between the attached Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

You are reminded that the attached Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the attached Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver the attached Offering Memorandum to any other person. You may not transmit the attached Offering Memorandum (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Initial Purchasers. If you receive this document by e-mail, you should not reply by e-mail to this announcement. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected. If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



180 Medical, Inc.

\$500,000,000 5.300% Senior Notes due 2035

180 Medical, Inc., an Oklahoma corporation (the “Issuer”), is offering (the “Offering”) \$500,000,000 aggregate principal amount of its 5.300% Senior Notes due 2035 (the “Notes”). Interest on the Notes will be payable semi-annually in arrears on each 8 April and 8 October, commencing on 8 April 2026. The Notes will mature on 8 October 2035.

Prior to 8 July 2035, the Issuer will be entitled to redeem, at its option, all or a portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes, plus accrued and unpaid interest and additional amounts, if any, to, but excluding the redemption date, plus a “make-whole” premium, as described in this Offering Memorandum. On or after 8 July 2035, the Issuer will be entitled to redeem, at its option, all or a portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes, plus accrued and unpaid interest and additional amounts, if any, to, but excluding the redemption date. Additionally, the Issuer may redeem the Notes in whole, but not in part, at a price equal to their principal amount plus accrued and unpaid interest and additional amounts, if any, to, but excluding the redemption date, upon the occurrence of certain changes in applicable tax law. Upon the occurrence of certain events constituting a change of control triggering event, the Issuer will be required to repurchase all of the Notes at 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding the date of such repurchase. See “Description of the Notes—Optional Redemption.”

The Notes are senior unsecured obligations of the Issuer and will be guaranteed (the “Guarantees” and, each, a “Guarantee”) on a senior unsecured basis by Convatec Group plc (the “Company”), Convatec Inc. and Convatec Finance Holdings Limited (together with the Company, the “Guarantors” and each, a “Guarantor”). The Notes and Guarantees will rank *pari passu* in right of payment with any of the Issuer’s and the applicable Guarantors’ existing and future unsecured debt that is not subordinated in right of payment to the Notes or the Guarantees, as applicable, including debt incurred under the Revolving Credit Facility and the Term Loan (each as defined herein), and will rank senior in right of payment to any existing and future debt that is expressly subordinated in right of payment to the Notes or the Guarantees, as applicable. The Notes and Guarantees will be effectively subordinated to any of the Issuer’s and the applicable Guarantors’ existing and future secured debt that is secured by property or assets that do not secure the Notes or such Guarantee, to the extent of the value of such property and assets securing such debt. The Notes and the Guarantees will be structurally subordinated to all existing and future debt of subsidiaries of the Issuer and the Guarantors that will not guarantee the Notes. The validity and enforceability of the Guarantees and the liability of each Guarantor will be subject to the limitations described in “Insolvency Law and Limitations on Validity and Enforceability of Guarantees.” The Guarantees may be released in certain circumstances, as described in “Description of the Notes—Note Guarantees.”

This Offering Memorandum includes information on the terms of the Notes and the Guarantees, including redemption and repurchase prices, covenants and transfer restrictions.

There is currently no public market for the Notes. Application has been made to the London Stock Exchange plc (the “London Stock Exchange”) for the Notes to be admitted to trading on the International Securities Market (the “International Securities Market”) of the London Stock Exchange. The International Securities Market is not a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU (as amended, “MiFID II”) or Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (“UK MiFIR”). There is no assurance that the Notes will be listed and admitted to trading on the International Securities Market. References in this Offering Memorandum to the Notes being “listed” (and all related references) shall mean that the Notes have been admitted to trading on the International Securities Market.

The International Securities Market is a market designated for professional investors. Notes admitted to trading on the International Securities Market are not admitted to the Official List of the UK Financial Conduct Authority. The London Stock Exchange has not approved or verified the contents of this Offering Memorandum.

This Offering Memorandum does not constitute a prospectus for the purposes of the UK Prospectus Regulation and, in accordance with the UK Prospectus Regulation, no prospectus is required in connection with the listing of the Notes.

Each of S&P Global Ratings UK Limited (“S&P”), Fitch Ratings Ltd (“Fitch”) and Moody’s Investors Service Limited (“Moody’s”) (which provide ratings in relation to the Notes) is established in the United Kingdom and is registered under Regulation (EC) No 1060/2009 on credit rating agencies, as amended by Regulation (EU) No 462/2013, as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the “UK CRA Regulation”). As such, S&P, Fitch and Moody’s are included in the list of registered credit rating agencies published by the Financial Conduct Authority on its website (<https://www.fca.org.uk/markets/credit-rating-agencies/registered-certified-cras>) in accordance with the UK CRA Regulation. S&P, Fitch and Moody’s are not established or registered in the European Economic Area under Regulation (EU) No 462/2013 (the “EU CRA Regulation”), but credit ratings issued by S&P have been endorsed by S&P Global Ratings Europe Limited, credit ratings issued by Fitch have been endorsed by Fitch Ratings Ireland Limited and credit ratings issued by Moody’s have been endorsed by Moody’s Deutschland GmbH, each of which is an entity established in the European Economic Area and included in the list of registered credit rating agencies published by the European Securities and Markets Authority on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the EU CRA Regulation. No report of any rating agency is being incorporated by reference herein. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning credit rating agency. There is no guarantee that any rating of the Issuer and/or the Notes assigned by any such credit rating agency will be maintained by the Issuer following the date of this Offering Memorandum.

Investing in the Notes involves risks that are described under the caption “Risk Factors” beginning on page 28 of this Offering Memorandum.

Price for the Notes: 99.617% plus accrued interest, if any, from the Issue Date.

The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any other jurisdiction and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are being offered and sold only to persons reasonably believed to be qualified institutional buyers in accordance with Rule 144A (“Rule 144A”) under the Securities Act and outside the United States to non-U.S. persons in accordance with Regulation S under the Securities Act (“Regulation S”). For further details about eligible offerees and resale restrictions, please see “Notice to Investors.”

The Issuer expects that delivery of the Notes will be made to investors in book-entry form through The Depository Trust Company (“DTC”) on or about 8 October 2025. See “Plan of Distribution—Extended Settlement.” Interests in each Global Note (as defined herein) will be exchangeable for the relevant Certificated Notes (as defined herein) only in certain limited circumstances. See “Book-Entry; Delivery and Form.”

Joint Bookrunners

BofA Securities		HSBC		J.P. Morgan		NatWest	
Bank of China	BBVA	Citigroup	CIC Market Solutions	Danske Markets	Goldman Sachs Bank Europe SE	Mizuho	SEB

The date of this Offering Memorandum is 1 October 2025.

TABLE OF CONTENTS

	<u>Page</u>
IMPORTANT INFORMATION	vii
CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS.....	xiii
CERTAIN DEFINITIONS AND GLOSSARY	xv
PRESENTATION OF FINANCIAL AND OTHER INFORMATION	xxiv
MARKET, ECONOMIC AND INDUSTRY DATA	xxx
SUMMARY	1
OVERVIEW OF THE OFFERING.....	7
SUMMARY FINANCIAL AND OTHER INFORMATION	12
RISK FACTORS	28
USE OF PROCEEDS	56
CAPITALISATION	57
SELECTED FINANCIAL INFORMATION	58
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	62
BUSINESS DESCRIPTION	81
REGULATORY OVERVIEW.....	101
MANAGEMENT	109
PRINCIPAL SHAREHOLDERS	117
RELATED PARTY TRANSACTIONS.....	118
DESCRIPTION OF OTHER INDEBTEDNESS	119
DESCRIPTION OF THE NOTES.....	124
BOOK-ENTRY; DELIVERY AND FORM	151
TAX CONSIDERATIONS	154
INSOLVENCY LAW AND LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF GUARANTEES	159
CERTAIN ERISA AND BENEFIT PLAN CONSIDERATIONS.....	171
PLAN OF DISTRIBUTION.....	173
NOTICE TO INVESTORS	176
LEGAL MATTERS	179
INDEPENDENT AUDITORS	180
SERVICE OF PROCESS AND ENFORCEMENT OF JUDGMENTS	181
WHERE YOU CAN FIND MORE INFORMATION	183
LISTING AND GENERAL INFORMATION.....	184
INDEX TO THE FINANCIAL STATEMENTS	F - 1

This Offering Memorandum will comprise admission particulars issued in compliance with the London Stock Exchange’s International Securities Market Rulebook for the purpose of giving information with regard to the Issuer, the Guarantors and the Notes.

The Issuer and each of the Guarantors accept responsibility for all of the information contained in these admission particulars and, having taken all reasonable care to ensure that such is the case, the information

contained in these admission particulars is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

IMPORTANT INFORMATION

The Issuer is a corporation incorporated in the state of Oklahoma with its principal executive office at 8516 Northwest Expressway, Oklahoma City, OK 73162, United States.

Unless the context otherwise requires, references in this Offering Memorandum to the “Group” refer collectively to the Company and its direct and indirect subsidiaries and subsidiary undertakings. Certain definitions and technical terms used in this Offering Memorandum are defined in the section entitled “*Certain Definitions and Glossary.*”

The Company’s internet addresses are www.convatecgroup.com and www.convatec.com. Information posted on the Company’s website and those of its affiliates and subsidiaries does not constitute a part of this Offering Memorandum and is not incorporated by reference herein.

The Issuer and the Guarantors are relying on an exemption from registration under the Securities Act for offers and sales of securities that do not involve a public offering. By purchasing Notes, you will be deemed to have made the acknowledgments, representations, warranties and agreements described under “*Notice to Investors*” in this Offering Memorandum. You should understand that you may be required to bear the financial risks of your investment for an indefinite period of time.

The Issuer and the Guarantors have prepared this Offering Memorandum solely for use in connection with the offer of the Notes to persons reasonably believed to be qualified institutional buyers under Rule 144A and outside the United States to non-U.S. persons under Regulation S. The Issuer and the Guarantors have not authorised its use for any other purpose. This Offering Memorandum may not be copied or reproduced in whole or in part. You may not distribute this Offering Memorandum to any person, other than a person retained to advise you in connection with the purchase of the Notes. Delivery of this Offering Memorandum to anyone other than such prospective investors is unauthorised, and any reproduction of this Offering Memorandum, in whole or in part, is prohibited. By accepting delivery of this Offering Memorandum, you agree to these restrictions. Please see “*Notice to Investors.*”

This Offering Memorandum is based on information provided by the Issuer and the Guarantors and by other sources that the Issuer and the Guarantors believe are reliable. The Issuer and the Guarantors cannot assure you that information included herein is accurate or complete. No representation or warranty, express or implied, is made by the Initial Purchasers as to the accuracy or completeness of any information set forth in this Offering Memorandum, and nothing contained in this Offering Memorandum is or shall be relied upon as a promise or representation, whether as to the past or the future. This Offering Memorandum summarises certain documents and other information and the Issuer and the Guarantors refer you to them for a more complete understanding of the discussions in this Offering Memorandum. The Issuer and the Guarantors will make copies of certain documents available to you upon request. In making an investment decision, you must rely on your own examination of the Group, the terms of the Offering and the Notes, including the merits and risks involved.

This Offering Memorandum contains trademarks, service marks, trade names and copyrights, which are the property of their respective owners. Solely for convenience, copyrights, trademarks, service marks and trade names referred to in this Offering Memorandum may appear without the ©, ® or TM or SM symbols. All of the rights of the applicable owners to these copyrights, trademarks, service marks and trade names are reserved.

The Issuer and the Guarantors are not making any representation to any purchaser of the Notes regarding the legality of an investment in the Notes by such purchaser under any legal investment or similar laws or regulations. You should not consider any information in this Offering Memorandum to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the Notes.

You should contact the Initial Purchasers with any questions about the Offering or if you require additional information to verify the information contained in this Offering Memorandum.

The Issuer and the Guarantors reserve the right to withdraw the Offering at any time and the Issuer and the Guarantors and the Initial Purchasers reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to any prospective purchaser less than the full amount of Notes sought by such purchaser. The Initial Purchasers and certain related entities may acquire for their own account a portion of the Notes. Please see “*Plan of Distribution.*”

You must comply with all applicable laws and regulations in force in any applicable jurisdiction and you must obtain any consent, approval or permission required by you for the purchase, offer or sale of the

Notes and the Guarantees under the laws and regulations in force in the jurisdiction to which you are subject or in which you make such purchase, offer or sale, and neither the Issuer and the Guarantors nor the Initial Purchasers will have any responsibility therefor.

This Offering Memorandum is not an offer to sell, or a solicitation of an offer to buy, any Notes or the Guarantees by any person in any jurisdiction in which it is unlawful for such person to make such an offering or solicitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose.

Neither the U.S. Securities and Exchange Commission (“SEC”), or any state securities commission nor any other regulatory authority has approved or disapproved the Notes or the Guarantees nor have any of the foregoing authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offence.

The Issuer and the Guarantors have accurately reproduced the information regarding clearing and settlement arrangements from third-party sources under the heading “*Book-Entry; Delivery and Form*” and, as far as the Issuer and the Guarantors are aware and able to ascertain, no facts have been omitted which would render the reproduced information regarding clearing and settlement arrangements inaccurate or misleading. While the Issuer and the Guarantors accept such responsibility for accurately summarising such information, the Issuer and the Guarantors accept no further responsibility in respect of such information. The information set out in relation to sections of this Offering Memorandum describing clearing and settlement arrangements, including the section entitled “*Book-Entry; Delivery and Form*,” is subject to change in or reinterpretation of the rules, regulations and procedures of DTC currently in effect. While the Issuer and the Guarantors accept responsibility for accurately summarising the information concerning DTC, the Issuer and the Guarantors accept no further responsibility in respect of such information.

In connection with the offering of the Notes, the Initial Purchasers are acting exclusively for the Issuer and no one else. Accordingly, in connection with the offering of the Notes, the Initial Purchasers will not be responsible to anyone other than the Issuer for providing the protections (regulatory or otherwise) afforded to their clients or for the giving of advice in relation to the offering of the Notes.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable securities laws of any other jurisdiction pursuant to registration or exemption therefrom. Prospective purchasers should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. See “*Notice to Investors*.”

THE NOTES MAY NOT BE OFFERED TO THE PUBLIC WITHIN ANY JURISDICTION. BY ACCEPTING DELIVERY OF THIS OFFERING MEMORANDUM, YOU AGREE NOT TO OFFER, SELL, RESELL, TRANSFER OR DELIVER, DIRECTLY OR INDIRECTLY, ANY NOTES TO THE PUBLIC.

You should rely only on the information contained in this Offering Memorandum. None of the Issuer, the Guarantors, or any of the Initial Purchasers (as defined herein) has authorised anyone to provide you with information that is different from the information contained herein. If given, any such information should not be relied upon. You should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the front cover of this Offering Memorandum.

Neither the Issuer nor any of the Initial Purchasers is making an offer of the Notes in any jurisdiction where the Offering is not permitted.

IN CONNECTION WITH THE OFFERING, EACH OF BOFA SECURITIES, INC., J.P. MORGAN SECURITIES LLC, HSBC SECURITIES (USA) INC., NATWEST MARKETS SECURITIES INC., BANK OF CHINA LIMITED, LONDON BRANCH, BBVA SECURITIES INC., CITIGROUP GLOBAL MARKETS INC., CRÉDIT INDUSTRIEL ET COMMERCIAL S.A., DANSKE MARKETS INC., GOLDMAN SACHS BANK EUROPE SE, MIZUHO SECURITIES USA LLC AND SEB SECURITIES, INC. MAY PURCHASE AND SELL NOTES IN THE OPEN MARKET. THESE TRANSACTIONS MAY INCLUDE OVER-ALLOTMENT, SYNDICATE COVERING AND STABILIZING TRANSACTIONS. OVER-ALLOTMENT TRANSACTIONS INVOLVE SALES OF NOTES IN EXCESS OF THE PRINCIPAL AMOUNT OF THE NOTES TO BE PURCHASED IN THE OFFERING, WHICH CREATES A SHORT POSITION. SYNDICATE COVERING TRANSACTIONS INVOLVE PURCHASES OF NOTES IN THE OPEN MARKET AFTER THE

DISTRIBUTION HAS BEEN COMPLETED IN ORDER TO COVER SHORT POSITIONS CREATED. STABILIZING TRANSACTIONS CONSIST OF CERTAIN BIDS OR PURCHASES OF NOTES MADE FOR THE PURPOSE OF PEGGING, FIXING OR MAINTAINING THE PRICE OF THE NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY BOFA SECURITIES, INC., J.P. MORGAN SECURITIES LLC, HSBC SECURITIES (USA) INC., NATWEST MARKETS SECURITIES INC., BANK OF CHINA LIMITED, LONDON BRANCH, BBVA SECURITIES INC., CITIGROUP GLOBAL MARKETS INC., CRÉDIT INDUSTRIEL ET COMMERCIAL S.A., DANSKE MARKETS INC., GOLDMAN SACHS BANK EUROPE SE, MIZUHO SECURITIES USA LLC AND SEB SECURITIES, INC. IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Notice to U.S. Investors

Each purchaser of the Notes will be deemed to have made the representations, warranties and acknowledgments that are described in this Offering Memorandum under “*Notice to Investors*” in this Offering Memorandum.

The Notes and the Guarantees have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes will be sold within the United States to qualified institutional buyers pursuant to Rule 144A and outside the United States to non-U.S. persons in offshore transactions pursuant to Regulation S. The Notes are subject to certain restrictions on transfer. With respect to Notes initially sold pursuant to Regulation S, until the expiration of a 40-day distribution compliance period (as defined under Regulation S) commencing on the later of the commencement of the Offering or the issue date of the Notes, the Notes may not be offered or sold in the United States, except pursuant to Rule 144A or another exemption from the registration requirements of the Securities Act. Prospective purchasers are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain further restrictions on resale or transfer of the Notes, please see “*Notice to Investors*.”

Notice to Canadian Investors

The Notes may be sold only to purchasers in the Provinces of Alberta, British Columbia, Ontario and Quebec purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (“NI 33-105”), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the Offering.

Notice to United Kingdom Investors

This Offering Memorandum has been prepared on the basis that any offer of the Notes in the UK will be made pursuant to an exemption from the requirement to publish a prospectus for offers of the Notes under the UK Prospectus Regulation. The expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129, as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (“EUWA”).

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a “retail investor” means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “FSMA”) and any

rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Professional Investors and ECPs only target market. Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“COBS”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (for the purposes of this provision, a “distributor”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

This Offering Memorandum is for distribution only to persons who: (i) are outside the UK; (ii) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”); (iii) are persons falling within Articles 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Financial Promotion Order; or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this Offering Memorandum or any of its contents.

Notice to Investors in the EEA

This Offering Memorandum has been prepared on the basis that any offer of the Notes in any Member State of the European Economic Area (the “EEA”) will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of the Notes. The expression “Prospectus Regulation” means Regulation (EU) 2017/1129 (as amended or superseded).

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a “retail investor” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared. Offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Professional Investors and ECPs only target market. Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led the manufacturers to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (for the purposes of this provision, a “distributor”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting

or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Switzerland. This Offering Memorandum is not intended to constitute an offer or solicitation to purchase or invest in the Notes. The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act of 15 June 2018, as amended (the "FinSA"), and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Offering Memorandum nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA or has been or will be filed with or approved by a Swiss review body pursuant to article 52 of the FinSA, and neither this Offering Memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Notice to Investors in Hong Kong

The Notes have not been offered or sold and will not be offered or sold in Hong Kong by means of any document other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made thereunder, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of C(WUMP)O; and no advertisement, invitation or document relating to the Notes has been or will be issued or has been or will be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

Notice to Investors in Singapore

This Offering Memorandum has not been and will not be registered as a prospectus under the Securities and Futures Act 2001, as modified or amended (the "SFA") by the Monetary Authority of Singapore, and the offer of the Notes in Singapore is made primarily pursuant to the exemptions under Sections 274 and 275 of the SFA. Accordingly, neither this Offering Memorandum nor any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor as defined in Section 4A of the SFA pursuant to Section 274 of the SFA or (ii) to an accredited investor as defined in Section 4A of the SFA pursuant to and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore.

Any reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time, including by such of its subsidiary legislation as may be applicable at the relevant time.

Singapore Securities and Futures Act Product Classification. Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the SFA, the Issuer has determined, and hereby notifies all persons that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Notice to Investors in Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended) ("FIEA") on the ground that the solicitation for subscription of the Notes falls within the definition of "solicitation to qualified institutional investors" as defined under Article 2, paragraph 3, item 2 (I) of the FIEA. Such solicitation shall be subject to the condition that qualified institutional investors (as defined under the FIEA, "QIIs") who desire to acquire the Notes shall be made aware that they shall not transfer the notes to anyone other than other QIIs. Accordingly, the Notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to, for the benefit of or for the account of any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or

to others for re-offering or resale, directly or indirectly, in Japan or to, for the benefit of or for the account of any resident of Japan, except the private placement above pursuant to an exemption from the registration requirements of, and otherwise in compliance with, FIAL, and in compliance with the other relevant laws, regulations and ministerial guidelines of Japan.

Any investor purchasing the Notes, either on the primary or on the secondary market, is solely responsible for ensuring that any offer, sale, delivery or resale of the Notes by such investor occurs in compliance with applicable laws and regulations.

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Offering Memorandum are not historical facts and are forward-looking. Forward-looking statements appear in various locations, including, without limitation, in the sections entitled “Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Business Description.” This Offering Memorandum also includes forward-looking information that has been extracted from third-party sources. Forward-looking statements include statements concerning the Group’s plans, expectations, projections, objectives, targets, goals, strategies, future events, future operating revenues or performance, capital expenditures, return on capital invested, operating margin, financing needs, plans or intentions relating to acquisitions, the Group’s competitive strengths and weaknesses, the Group’s business strategy, and the trends the Group anticipates in the industries and the political and legal environments in which the Group operates and other information that is not historical information.

Words such as “believe,” “anticipate,” “able,” “estimate,” “future,” “target,” “potential,” “expect,” “intend,” “predict,” “project,” “could,” “should,” “may,” “will,” “plan,” “aim,” “objective,” “seek” and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements.

The forward-looking statements contained in this Offering Memorandum are largely based on the Group’s expectations, which reflect estimates and assumptions made by the Group’s management. These estimates and assumptions reflect the Group’s best judgment based on currently known market conditions and other factors, some of which are discussed below. In addition, management’s assumptions about future events may prove to be inaccurate. The Group cautions all readers that the forward-looking statements contained in this Offering Memorandum are not guarantees of future performance, and the Group cannot assure any reader that such statements will be realised or the forward-looking events and circumstances will occur.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, many of which are beyond the Group’s control. These risks, uncertainties and other factors include, among other things, those listed in the section entitled “Risk Factors” as well as those included elsewhere in this Offering Memorandum. You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include risks related to:

- reliance on access to and the reliability and security of the Group’s supply chain;
- reliance on a number of single source suppliers;
- environment, health and safety (“EHS”) laws and regulations, permit requirements and licensing regimes;
- natural or man-made disaster impacts to manufacturing facilities;
- operational risks for which the Group may not be adequately insured;
- loss of the Group’s key senior management, technical experts or other key capabilities, or an inability to attract such personnel;
- compliance with privacy and data protection laws and regulations;
- protecting, maintaining and enforcing the Group’s intellectual property;
- operations in a highly competitive business environment;
- loss of certain of the Group’s key commercial relationships;
- significant product development costs and material delivery delays;
- fluctuations in foreign currency exchange;
- global economic trends;
- cost-containment efforts;
- changes in regulatory reimbursement regimes and in regulations, policies, rules and internal cost reduction audit programmes;
- international operations, including conducting business outside developed markets;

- compliance with anti-corruption, anti-bribery and anti-money laundering laws;
- development and marketing of new products and technologies in a timely and profitable manner, or expansion into new geographic markets on the timetable planned or at all;
- claims of malpractice or adverse regulatory actions;
- integration of businesses that the Group may acquire, and the ability to realise the anticipated cost savings, revenue enhancements or other synergies from such acquisitions;
- defects, failures or safety or quality issues associated with the Group's products;
- performance of financial reporting and information technology systems and controls;
- potential impairment of goodwill and other intangibles;
- changes in tax law, regulations, enforcement practices and/or disagreement of tax authorities with the Group's tax positions;
- regulation of medical devices, including with respect to different regulatory regimes, inspections and compliance, regulatory approvals and clearances, and participation in the Medicare and Medicaid programmes in the United States; and
- other risk factors associated with the Group's debt profile, the Notes and the Guarantees discussed under "*Risk Factors*."

This list of factors above and the other factors discussed in the section entitled "*Risk Factors*" are not exhaustive. Other sections of this Offering Memorandum describe additional factors that could adversely affect the Group's results of operations, financial condition, liquidity and the development of the industry in which the Group operates. New risks can emerge from time to time, and it is not possible for the Group to predict all such risks, nor can the Group assess the impact of all such risks on the Group's business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

Any forward-looking statements are only made as of the date of this Offering Memorandum. Accordingly, the Group does not intend, and does not undertake any obligation, to update any forward-looking statements set forth in this Offering Memorandum. You should interpret all subsequent written or oral forward-looking statements attributable to the Group or to persons acting on the Group's behalf as being qualified by the cautionary statements in this Offering Memorandum. As a result, you should not place undue reliance on such forward-looking statements.

CERTAIN DEFINITIONS AND GLOSSARY

Unless indicated otherwise in this Offering Memorandum or the context requires otherwise:

“2021 Notes”	\$500,000,000 aggregate principal amount of 3.875% Senior Notes due 2029 issued by 180 Medical, Inc. on 7 October 2021
“\$” or “U.S. dollars”	the lawful currency of the United States
“€” or “euro”	the lawful currency of the member states of the European Union that have adopted the single currency through monetary union in accordance with European Union treaty law, as amended from time to time
“£” or “pound sterling” or “pence”	the lawful currency of the United Kingdom
“APAC”	Asia Pacific region
“APM”	Alternative Performance Measures
“CAGR”	compound annual growth rate
“Company” or “Convatec”	Convatec Group plc
“DTC”	The Depository Trust Company
“EEA”	the European Economic Area
“EMEA”	Europe, the Middle East and Africa
“ESMA”	European Securities and Markets Authority
“EU”	the European Union
“Exchange Act”	United States Securities Exchange Act of 1934, as amended
“Facilities Agreement”	the facilities agreement dated 15 November 2022 (as amended and/or restated from time to time) between, among others, Convatec Finance Holding Limited and Convatec Inc. as original borrowers and National Westminster Bank plc as facility agent
“Group”	the Company and its direct and indirect subsidiaries and subsidiary undertakings
“Guarantees”	the guarantees of the Notes by the Guarantors

“Guarantors”	the Company, Convatec Inc. and Convatec Finance Holdings Limited
“IFRS Accounting Standards”	United Kingdom adopted international accounting standards and IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB)
“Indenture”	the indenture to be dated as of the Issue Date governing the Notes and the Guarantees by and among, <i>inter alios</i> , the Issuer, the Guarantors and the Trustee
“Initial Purchasers”	BofA Securities, Inc., J.P. Morgan Securities LLC, HSBC Securities (USA) Inc., NatWest Markets Securities Inc., Bank of China Limited, London Branch, BBVA Securities Inc., Citigroup Global Markets Inc., Crédit Industriel et Commercial S.A., Danske Markets Inc., Goldman Sachs Bank Europe SE, Mizuho Securities USA LLC and SEB Securities, Inc.
“IPO”	the initial public offering of the Shares of the Company, which were admitted to trading on the London Stock Exchange’s main market for listed securities on 31 October 2016
“Issuer”	180 Medical, Inc.
“Issue Date”	8 October 2025
“London Stock Exchange”	London Stock Exchange Group plc
“Notes”	the \$500,000,000 aggregate principal amount of the Issuer’s 5.300% Senior Notes due 2035 offered hereby
“Offering”	the offering of the Notes and the Guarantees as described in this Offering Memorandum
“Refinancing”	has the meaning ascribed to it in “ <i>Summary—The Refinancing</i> ”
“Regulation S”	Regulation S under the Securities Act
“Revolving Credit Facility”	the \$950 million (equivalent) revolving credit facility established under the Facilities Agreement

“Rule 144A”	Rule 144A under the Securities Act
“SEC”	U.S. Securities and Exchange Commission
“Securities Act”	United States Securities Act of 1933, as amended
“Shareholders”	the holders of Shares in the capital of the Company
“Shares”	the ordinary shares of the Company, having the rights set out in the Company’s articles of association
“Term Loan”	the \$250 million (equivalent) term loan facility established under the Facilities Agreement
“Trustee”	BNY Mellon Corporate Trustee Services Limited
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “U.S.”	the United States of America, its territories and possessions, any state of the United States of America, and the District of Columbia

Glossary

The following technical terms (or variations thereof) apply throughout this Offering Memorandum unless the context requires otherwise:

“Abdo-Pressure”	Convatec brand of intra-abdominal pressure management devices
“ACA”	the Affordable Care Act (also known as ObamaCare)
“acute fecal incontinence”	also known as encopresis or soiling, and refers to the temporary involuntary passage of stool in adults or children, which occurs in the critical care setting and is most prevalent in ICUs, burn units, hospices and long-term care facilities
“acute wound”	typically a surgical incision or traumatic wound whose causation is acute
“Adhesive Coupling Technology”	Convatec brand of proprietary adhesive fastening technology to connect the pouch to the skin barrier in a low-profile design without a raised “snap on” ring; utilised by the ESTEEM synergy Two-Piece Ostomy System
“Advanced Wound Care” or “AWC”	a market category of the Group, which includes advanced dressings for the management of acute and chronic wounds resulting from ongoing conditions, such as diabetes, and acute conditions resulting from traumatic injury and burns
“Advanced Wound Care Market”	includes advanced dressings (alginates and Hydrofibers, contact layers, hydrogels and super absorbents, silver/ antimicrobials, hydrocolloids and foam), biologics and NPWT
“AQUACEL”	Convatec brand range of advanced wound dressings, utilising Hydrofiber Technology
“AQUACEL Ag”	Convatec brand range of silver-based antimicrobial advanced wound dressings, utilising Hydrofiber Technology
“CC Market”	includes United States and Europe intermittent catheter and fecal management market
“channel partners”	distribution outlets for the Group, including distributors, wholesalers, hospital buying

	companies and group purchasing organisations
“chronic wound”	complex wounds that are caused by repeated insults which do not heal rapidly in the absence of interventional therapies, and which include pressure, venous, arterial, and diabetic foot ulcers
“CMS”	Centers for Medicare and Medicaid Services, an agency of the U.S. Department of Health and Human Services
“colorectal cancer”	also known as colon/rectal cancer or bowel cancer, the surgery for which may result in the creation of a stoma
“Continence Care” or “CC”	a market category of the Group, which includes products and services for people with urinary continence issues related to spinal cord injuries, neurological disease, prostate enlargement and other causes
“Continence Care Market”	the market for intermittent catheters
“Convatec Moldable Technology”	Convatec brand for proprietary technology allowing for the skin barrier opening to be “moulded” by hand (rather than cut with scissors) to customise the shape of the barrier for a patient’s unique stoma characteristics
“DMEPOS”	durable medical equipment, prosthetics, orthotics and supplies
“DOJ”	the U.S. Department of Justice
“drainable pouches”	ostomy pouches possessing an opening at the bottom of the pouch for more frequent draining of liquid stool or urine; closed with either a clip or a Velcro-like integrated closure called InvisiClose
“DuoDERM”	Convatec brand of hydrocolloid dressing that provides a moist wound healing environment and self-adheres to the skin through Convatec’s patented Durahesive Technology
“Durahesive”	Convatec brand for proprietary skin adhesion technology with optimised properties to allow for longer-term adhesion (5–7 days)

“effluent”	effluent generally refers to the faeces or urine coming out of the body through an artificial opening such as a stoma
“Esteem”	Convatec brand for a One-Piece Ostomy System, including a closed-end or drainable pouch, with upgraded features similar to those found on two-piece systems
“ESTEEM synergy”	Convatec brand for a Two-Piece Ostomy System employing the patented Adhesive Coupling Technology that allows for a low profile and flexibility typical of a One-Piece Ostomy system. This system also offers closed-end, drainable and urostomy pouches
“exudate”	fluid, cells or cellular debris that has filtered from the circulatory system into a lesion or area of inflammation and deposited in tissues or on tissue surfaces and leaking out of the wound
“FDA”	United States Food and Drug Administration
“Flexi-Seal Fecal Management System”	Convatec brand range of fecal containment devices designed to safely and effectively contain and divert liquid fecal matter to protect patients’ wounds from fecal contamination and reduce risk of skin breakdown and the spread of infection
“foam”	typically, polyurethane-based dressing with foam-like feel used for wounds with moderate to heavy exudate
“GPO”	group purchasing organisations
“HITECH”	the U.S. Health Information Technology and Clinical Health Act
“HIPAA”	the U.S. Health Insurance Portability and Accountability Act of 1996, as amended
“HSG”	Home Services Group
“hydrocolloid”	dressing containing a polymeric hydrocolloid material which dissolves, gels, swells (or exhibits some combination of these actions) upon interaction with water to provide a moist wound healing environment. Hydrocolloid

	dressings are typically used for wounds with light to moderate exudates
“Hydrofiber Technology”	Convatec brand for proprietary technology based on the unique gelling properties of Hydrofiber materials; serves as the basis of the AQUACEL, AQUACEL Ag, and Versiva XC franchises
“ICU”	intensive care unit
“IDNs”	integrated delivery networks
“Infusion Care” or “IC”	a market category of the Group that provides disposable infusion sets to manufacturers of insulin pumps for diabetes and other similar pumps, as well as supplying a range of products directly to hospitals and the home healthcare sector
“Infusion Care Market”	refers to the market for durable insulin pumps in the United States and Europe
“InvisiClose”	Velcro-like integrated closure utilised in drainable pouches
“key opinion leader”	a medical industry term that refers to physicians who influence their peers’ medical practice
“MDD”	the EU Medical Device Directive
“MDR”	the EU Medical Devices Regulation
“Medicaid”	a social healthcare programme for families and individuals with low income and limited resources in the United States, administered by the individual states and the U.S. federal government
“Medicare”	a national social insurance programme in the United States, administered by the U.S. federal government
“Natura”	Convatec brand for a Two-Piece Ostomy System featuring skin-friendly and clinically-proven adhesives
“NHS”	the United Kingdom’s National Health Service

“NPWT”	negative pressure wound therapy
“One-Piece Ostomy System”	a system that combines as a single, integrated unit the skin barrier surrounding the stoma and the pouch collecting the effluent
“ostomy”	a surgical procedure in which an opening for the passage of faeces or urine is created through the abdominal wall in patients with decreased small intestine, colon, rectum or bladder function
“Ostomysecrets”	Convatec brand of clothing line to conceal and support ostomy bags
“Ostomy Care” or “OC”	a market category of the Group, which includes devices, accessories and services for people with a stoma (a surgically created opening where bodily waste is discharged), commonly resulting from causes such as colorectal cancer, bladder cancer, inflammatory bowel disease and trauma
“Ostomy Care Market”	includes accessories (pouches/bags, deodorants and skin barriers) but excludes irrigation products
“patent family” or “patent families”	a collection of patent applications covering the same or similar technical content, with common inventor(s), filed in more than one country. The applications in a family are related to each other through priority claims
“pre-market approval” or “PMA”	regulatory clearance to market a medical device; usually reserved for higher-risk, Class III devices. The FDA will approve a PMA application if the application is found to have reasonable assurance that the device is safe and effective for its intended purpose
“stoma”	the end of a shortened intestine that is surgically brought to and protrudes slightly from the abdominal surface in an ostomy procedure; the stoma lacks both sensation and sphincter control, hence preventing the patient from controlling the intestinal effluent
“Stomahesive”	Convatec brand of proprietary skin adhesion technology for shorter-term adhesion properties (i.e. 2–4 days)

“Two-Piece Ostomy System”	Convatec proprietary two-piece ostomy system; includes both closed-end, drainable and urostomy pouches
“UnoMeter”	Convatec brand of hourly diuresis management system monitoring intra-abdominal pressure
“urostomy”	a surgically created opening in the abdominal wall to divert urine to the exterior. This can be done by either diverting, using a part of the urinary tract or via a loop of the ileum
“urostomy pouches”	ostomy pouches collecting urine only, and which possess a special valve or spout which adapts to either a leg bag or night drain tube for overnight urine collection
“Versiva XC”	Convatec brand of proprietary gelling foam wound dressing utilising Hydrofiber Technology

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The Issuer

The Issuer, 180 Medical, Inc., is a corporation incorporated in the state of Oklahoma.

The Company

The Issuer is a wholly-owned subsidiary of the Company, Convatec Group plc, a company incorporated under the laws of England and Wales and listed on the London Stock Exchange. The historical financial information included in this Offering Memorandum is that of the Company and its consolidated subsidiaries, which includes the Issuer. Consequently, no financial information with respect to the Issuer on a standalone basis is included in this Offering Memorandum. The Indenture governing the Notes will require the Company to prepare and publish annual and semi-annual consolidated financial statements. The Indenture will not require the Issuer, nor does the Issuer intend, to publish consolidated financial information for any prior or future periods.

Presentation of Financial information

The Company's fiscal year ends on 31 December of each year. This Offering Memorandum includes the following financial information, included elsewhere in this Offering Memorandum:

- the unaudited condensed consolidated interim financial statements of the Group as at and for the six months ended 30 June 2025 (with unaudited comparative financial information for the six months ended 30 June 2024), together with the related notes thereto, prepared in accordance with IAS 34 "Interim Financial Reporting" ("IAS 34"), reviewed by Deloitte LLP (the "Interim Condensed Consolidated Financial Statements");
- the audited consolidated financial statements of the Group as at and for the year ended 31 December 2024 (which includes the unaudited comparative re-presented financial information as at and for the year ended 31 December 2023), together with the related notes thereto, prepared in accordance with United Kingdom adopted international accounting standards and IFRS Accounting Standards, as issued by the International Accounting Standards Board (IASB), audited by Deloitte LLP (the "2024 Consolidated Financial Statements");
- the audited consolidated financial statements of the Group as at and for the year ended 31 December 2023 (which includes the unaudited comparative re-presented financial information as at and for the year ended 31 December 2022), together with the related notes thereto, prepared in accordance with United Kingdom adopted international accounting standards and IFRS Accounting Standards, as issued by the International Accounting Standards Board (IASB), audited by Deloitte LLP (the "2023 Consolidated Financial Statements"); and
- the audited consolidated financial statements of the Group as at and for the year ended 31 December 2022, together with the related notes thereto, prepared in accordance with United Kingdom adopted international accounting standards and IFRS Accounting Standards, as issued by the International Accounting Standards Board (IASB), audited by Deloitte LLP (the "2022 Consolidated Financial Statements" and, together with the 2024 Consolidated Financial Statements and the 2023 Consolidated Financial Statements, the "Consolidated Financial Statements").

None of the historical financial information used in this Offering Memorandum has been audited in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS") or auditing standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"). In addition, there could be other differences between the auditing standards issued by the Auditing Practices Board in the United Kingdom and those required by U.S. GAAS or the auditing standards of the PCAOB. Potential investors should consult their own professional advisers to gain an understanding of the historical financial information contained in this Offering Memorandum and the implications of differences between the auditing standards noted herein.

Certain Accounting Judgments

The preparation of financial information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. As reported in Note 1.4 to the 2024 Consolidated Financial Statements, the Group's management has determined that there are no areas of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and

liabilities within the next financial year or critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the 2024 Consolidated Financial Statements.

For a description of the Group's critical accounting judgments and key sources of estimation and uncertainty, see Note 1.4 to the 2024 Consolidated Financial Statements, included elsewhere in this Offering Memorandum. The preparation of financial information in conformity with IFRS Accounting Standards also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial information, are disclosed in the notes to the Financial Statements included elsewhere in this Offering Memorandum.

Non-IFRS Financial Measures

In this Offering Memorandum, the Group has included references to certain non-IFRS financial measures, including Constant currency revenue growth, Organic revenue growth, Adjusted gross profit, Adjusted gross profit margin, Adjusted operating profit, Adjusted operating profit margin, EBITDA, Adjusted EBITDA, Adjusted basic earnings per share ("EPS"), Adjusted diluted EPS, Adjusted operating expenses, Adjusted G&A expenses, Adjusted income tax expense, Adjusted net profit, Adjusted operating cash conversion, Equity cash conversion, Adjusted operating cash flow, Adjusted free cash flow to capital, Adjusted free cash flow to equity, Adjusted net profit attributable to the shareholders of the Group, Net debt and Leverage ratio (the "Non-IFRS Measures").

The Group refers to these measures as "Non-IFRS measures," as they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS Accounting Standards, or are calculated using financial measures that are not calculated in accordance with IFRS Accounting Standards. The Non-IFRS Measures included in this Offering Memorandum have not been prepared in accordance with the requirements of Regulation S-X of the Securities Act, the Prospectus Regulation, IFRS Accounting Standards or any other generally accepted accounting standards. The Non-IFRS Measures have not been audited or reviewed in accordance with IFRS Accounting Standards and do not alone provide a sufficient basis to compare the Group's performance with that of other companies and should not be considered in isolation or as a substitute for an equivalent IFRS Accounting Standards measure (if applicable) or any other generally accepted measure as an indicator of operating performance or liquidity.

The Group defines the Non-IFRS Measures as follows:

- **Constant currency revenue growth:** Revenue growth on a constant currency basis represents growth in reported revenue, as determined under IFRS Accounting Standards, after applying the applicable prior period average exchange rates to the Group's actual performance in the respective period.
- **Organic revenue growth:** Organic revenue growth is calculated by adjusting constant currency revenue growth to exclude the impact of acquired and disposed/discontinued businesses. For the year ended 31 December 2024, organic revenue growth was period-over-period revenue growth at constant currency, adjusted for the acquisitions of Livramedom (September 2024), Starlight Science Limited (April 2023), A Better Choice Medical Supply (July 2023) and All American Medical Supply (October 2023) and the discontinuation of hospital care, related industrial sales and associated Russia operations. For the year ended 31 December 2023, organic revenue growth was period-over-period revenue growth at constant currency, adjusted for the acquisitions of Starlight Science Limited (April 2023), A Better Choice Medical Supply (July 2023) and Triad Life Sciences (March 2022) and the discontinuation of hospital care, related industrial sales and associated Russia operations. For the year ended 31 December 2022, organic revenue growth was period-over-period revenue growth at constant currency, adjusted for the acquisitions of Triad Life Sciences (March 2022), Cure Medical (March 2021) and Patient Care Medical (December 2021), Incontinence divestment (December 2021) and, from 31 May 2022, the discontinuation of hospital care, related industrial sales and associated Russia operations. For the half year ended 30 June 2025, organic revenue growth was period-over-period revenue growth at constant currency, adjusted for the acquisition of Livramedom (September 2024). For the half year ended 30 June 2024, organic revenue growth was period-over-period revenue growth at constant currency, adjusted for the acquisition of A Better Choice Medical Supply (July 2023) and the discontinuation of hospital care, related industrial sales and associated Russia operations.

- Group revenue excluding InnovaMatrix: the Group's reported revenue excluding revenue from InnovaMatrix. For further information on InnovaMatrix, see "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Advanced Wound Care*" and "*Business Description—Local Coverage Determinations impacting InnovaMatrix*."
- Group revenue excluding hospital care exit: the Group's reported revenue excluding revenue from hospital care and related industrial sales. For further information on the Group's hospital care exit, see "*Summary—Overview*."
- Adjusted gross profit: Gross profit adjusted for amortisation of acquired intangibles, acquisition-related costs, divestiture-related costs, termination benefits and related costs and other adjusting items.
- Adjusted gross profit margin: Adjusted gross profit divided by revenue.
- Adjusted operating profit: Operating profit adjusted for amortisation of acquired intangibles, acquisition-related costs, divestiture-related costs, termination benefits and related costs and other adjusting items.
- Adjusted operating profit margin: Adjusted operating profit divided by revenue.
- EBITDA: Earnings before interest, tax, depreciation and amortisation.
- Adjusted EBITDA: Adjusted EBITDA is reconciled from net profit and adds back income tax, non-operating (income)/expense, fair value movement of contingent consideration, finance expense, net amortisation, depreciation, impairment of assets, share based payments, acquisition-related costs, divestiture-related costs, termination benefits and related costs and other adjusting items.
- Adjusted basic EPS: Adjusted net profit available for Convatec shareholders divided by the basic weighted average number of ordinary shares in issue during the year.
- Adjusted diluted EPS: Adjusted net profit available for Convatec shareholders divided by the diluted weighted average number of ordinary shares in issue during the year. The calculation of diluted earnings per share includes the dilutive impact of share awards where the average market price of the Group's ordinary shares exceeds the exercise price.
- Adjusted operating expenses: Operating expenses, including selling and distribution expenses, general and administrative expenses, research and development expenses and other operating expenses, adjusted for amortisation of acquisition intangibles, acquisition-related costs, divestiture-related costs, termination benefits and related costs and other adjusting items.
- Adjusted G&A expenses: General & administrative expenses, adjusted for amortisation of acquisition intangibles, acquisition-related costs, divestiture-related costs, termination benefits and related costs and other adjusting items.
- Adjusted income tax expense: Income tax expense adjusted for tax on amortisation of acquisition intangibles, tax on acquisition related costs, tax on divestiture-related costs, tax on termination benefits and related costs, tax on other adjusting items and discrete tax items.
- Adjusted net profit: Net profit adjusted for the amortisation of acquisition intangibles, acquisition-related costs, divestiture-related costs, termination benefits and related costs, other adjusting items and other discrete tax items.
- Adjusted operating cash conversion: Adjusted operating cash flow divided by adjusted operating profit.
- Equity cash conversion: Adjusted free cash flow to equity divided by adjusted net profit.
- Adjusted operating cash flow: Net cash generated from operations, less capital expenditure.
- Adjusted free cash flow to capital: Adjusted operating cash flow, less tax paid.
- Adjusted free cash flow to equity: Cash generated from operations adjusted for the effects of certain cash items that management believes are not related to the underlying performance of the Group and net of additions to property, plant and equipment and intangible assets and tax paid.

- Adjusted net profit attributable to the shareholders of the Group: For the periods presented herein, adjusted net profit attributable to the shareholders of the Group is identical to adjusted net profit.
- Net debt: The carrying value of current and non-current borrowings net of cash and cash equivalents and excluding leases.
- Leverage ratio: Net debt (excluding leases) divided by Adjusted EBITDA.

For a reconciliation of certain of the Group's non-IFRS measures to the nearest IFRS Accounting Standard measure, please see "*Summary Financial and Other Information*."

Management believes that these Non-IFRS Measures reflect the underlying performance of the business and provide a meaningful supplement to the reported IFRS Accounting Standards measures to explain how the business is managed and measured on a day-to-day basis. In addition, Non-IFRS Measures are sometimes used by investors to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. Although the Group's Non-IFRS Measures are disclosed in accordance with ESMA guidelines, there are no generally accepted principles governing the calculation of the Non-IFRS Measures and the criteria upon which these measures are based can vary from company to company.

Limitations to Non-IFRS Measures

The Non-IFRS Measures, by themselves, have limitations as analytical tools and do not provide a sufficient basis to compare the Group's performance with that of other companies. Specifically with respect to Adjusted EBITDA, some of the limitations are: such measures do not reflect all of the Group's expenditures and do not reflect future requirements for capital expenditures or contractual commitments; such measures do not reflect changes in the Group's working capital needs; such measures do not reflect the Group's share based payments, income tax benefit/(expense) or the amounts necessary to pay the Group's taxes; and other companies may calculate such measures differently than the Group does, limiting their usefulness as comparative measures.

For example, Adjusted EBITDA does not reflect the significant interest expense on the Group's debt or the cash requirements necessary to service interest or principal payments on the Group's debt; although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements; Adjusted EBITDA excludes certain tax payments that may represent a reduction in cash available to us; and other companies in the industry in which the Group operates may calculate Adjusted EBITDA differently than the Group does, limiting its usefulness as a comparative measure.

Therefore, the Non-IFRS measures should not be considered in isolation or as a substitute for measures determined in accordance with IFRS Accounting Standards, such as (i) profit after tax or operating profit as a measure of the Group's operating performance, (ii) cash flows from operations, investing activities and financing activities as a measure of the Group's ability to meet its cash needs or (iii) any other measures of performance as defined by IFRS Accounting Standards.

As adjusted financial information

The Group also presents in this Offering Memorandum certain unaudited financial information on an *as adjusted* basis to reflect the impact of the Refinancing as if it had occurred (x) on 30 June 2025 for the purposes of the calculation of the Group's *as adjusted* indebtedness and (y) on 1 July 2024 for the purposes of the calculation of the Group's *as adjusted* finance costs. The unaudited *as adjusted* financial information has been prepared for illustrative purposes only and does not represent what the Group's actual results would have been had the Refinancing occurred on such dates nor do they purport to project the Group's financial position or finance costs or other *as adjusted* financial ratios at any future date. The financial information on an *as adjusted* basis also assumes that the principal amount of the Notes offered hereby is \$500,000,000. To the extent the principal amount of the Notes changes, the *as adjusted* financial information will correspondingly change. The unaudited *as adjusted* financial information has not been prepared in accordance with the requirements of Regulation S-X under the Securities Act, the Prospectus Regulation, the UK Prospectus Regulation, IFRS Accounting Standards or any other generally accepted accounting standards. Neither the assumptions underlying the *as adjusted* adjustments nor the resulting *as adjusted* financial information have been audited or reviewed in accordance with IFRS Accounting Standards or any other generally accepted auditing standards.

Constant Currency and Organic Revenue Growth

The Group has presented certain financial information from its income statement using constant currency translations of non-U.S. dollar amounts into U.S. dollars as a convenience to investors in comparing the Group's period-to-period performance. Such constant currency financial information has been calculated by applying the applicable prior period average exchange rates to the Group's actual performance in the respective period under review. The key average exchange rates used are as follows:

2022 (applied to 2023 results)	2023 (applied to 2024 results)	Six months to 30 June 2024 (applied to six months to 30 June 2025 results)
€1:\$1.05	€1:\$1.08	€1:\$1.08
£1:\$1.24	£1:\$1.24	£1:\$1.27
DKK1:\$0.14	DKK1:\$0.15	DKK1:\$0.15
JPY1:\$0.0077	JPY1:\$0.0071	JPY1:\$0.0066
AUD1:\$0.6947	AUD1:\$0.6647	AUD1:\$0.6584
CHF1:\$1.0481	CHF1:\$1.1136	CHF1:\$1.0481

The tables below show reported revenue growth and constant currency revenue growth as calculated by applying the applicable prior period average exchange rates to the Group's actual performance in the respective period under review. Organic revenue growth is calculated as period over period revenue growth at constant currency and excludes the impact of acquired and disposed/discontinued businesses in the period. Constant currency revenue growth and Organic revenue growth are non-IFRS financial measures.

	Six months ended 30 June 2024	Six months ended 30 June 2025	Reported growth/ (decline)	Foreign exchange impact	Constant currency growth / (decline)	Impact of acquisitions and disposals	Organic growth/ (decline)
	(\$ millions)		%	%	%	%	%
Revenue by category							
Advanced Wound Care excluding InnovaMatrix	314.8	327.6	4.1	(0.4)	4.5	0.2	4.3
Ostomy Care	311.2	326.5	4.9	(0.4)	5.3	0.6	4.7
Continence Care.....	242.6	259.4	7.0	-	7.0	0.3	6.7
Infusion Care.....	199.7	227.1	13.7	(0.4)	14.1	-	14.1
Group revenue excluding InnovaMatrix and hospital care exit	1,068.1	1,140.6	6.8	(0.3)	7.1	0.3	6.8
InnovaMatrix revenue.....	45.2	39.3	(13.1)	-	(13.1)	-	(13.1)
Hospital care and related industrial sales ⁽¹⁾	0.2	nil	n/a	n/a	n/a	n/a	n/a
Revenue.....	1,113.4	1,179.9	6.0	(0.3)	6.3	0.3	6.0

	Year ended 31 December 2023	Year ended 31 December 2024	Reported growth/ (decline)	Foreign exchange impact/ (decline)	Constant currency growth	Organic growth
	(\$ millions)		%	%	%	%
Revenue by category						
Advanced Wound Care	695.3	742.7	6.8	(0.6)	7.4	7.4
Ostomy Care	608.3	634.0	4.2	(1.4)	5.6	5.3
Continence Care.....	457.2	501.4	9.7	(0.1)	9.8	8.3
Infusion Care.....	370.9	410.9	10.8	(0.4)	11.2	11.2
Revenue excluding hospital care exit	2,131.7	2,289.0	7.4	(0.7)	8.1	7.7
Hospital care and related industrial sales ⁽¹⁾	10.7	0.2	(98.1)	n/a	n/a	n/a

Revenue.....	2,142.4	2,289.2	6.9	(0.7)	7.6	7.7

- (1) Following the Company's exit from hospital care and related industrial sales in 2022, effective from 1 January 2023, Flexi-Seal, the Group's fecal management system, moved from the Continence & Critical Care category to the Ostomy Care category. The remaining industrial sales, predominantly continence-related supplies for business-to-business customers, moved from Infusion Care to Continence Care. Continence & Critical Care has since been renamed Continence Care.

	Year ended 31 December 2022	Year ended 31 December 2023	Reported growth/ (decline)	Foreign exchange impact	Constant currency growth	Organic growth
	(\$ millions)		%	%	%	%
Revenue by category						
Advanced Wound Care	620.7	695.3	12.0	0.4	11.6	9.5
Ostomy Care	583.0	608.3	4.3	0.1	4.2	4.2
Continence Care.....	425.4	457.2	7.5	0.1	7.4	6.5
Infusion Care.....	341.1	370.9	8.7	0.0	8.7	8.7
Revenue excluding hospital care exit.....	1,970.2	2,131.7	8.2	0.2	8.0	7.2
Hospital care and related industrial sales ⁽¹⁾	102.3	10.7	(89.5)	n/a	n/a	n/a
Revenue.....	2,072.5	2,142.4	3.4	0.2	3.2	7.2

- (1) Following the Company's exit from hospital care and related industrial sales in 2022, effective from 1 January 2023, Flexi-Seal, the Group's fecal management system, moved from the Continence & Critical Care category to the Ostomy Care category. The remaining industrial sales, predominantly continence-related supplies for business-to-business customers, moved from Infusion Care to Continence Care. Continence & Critical Care has since been renamed Continence Care. The 2022 comparatives have been re-presented to reflect these changes and to separately disclose revenue associated with the hospital care exit.

The measures presented on a constant currency and organic basis should not be considered in isolation or as an alternative to the measures presented on a reported basis in the Group's income statement or the notes thereto, and should not be construed as a representation that the relevant currency could be or was converted into U.S. dollars at that rate or at any other rate.

Roundings

Certain data in this Offering Memorandum, including financial, statistical, and operating information, has been rounded. As a result of the rounding, the totals of data presented in this Offering Memorandum may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100%.

Currency Presentation

Unless otherwise indicated, all references in this Offering Memorandum to "sterling", "pounds sterling", "£" or "pence" are to the lawful currency of the United Kingdom. All references to the "euro" or "€" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended. All references to "U.S. dollars" or "\$" are to the lawful currency of the United States.

MARKET, ECONOMIC AND INDUSTRY DATA

Unless the source is otherwise stated, the market, economic and industry data in this Offering Memorandum constitute the Company's estimates, using underlying data from independent third parties. The Company obtained market data and certain industry forecasts used in this Offering Memorandum from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications.

While management believes the third-party information included herein is reliable, the Company has not independently verified such third-party information, and neither the Company nor the Initial Purchasers make any representation or warranty as to the accuracy or completeness of such information as set forth in this Offering Memorandum. The Company confirms that all third-party data contained in this Offering Memorandum has been accurately reproduced and, so far as the Company is aware and able to ascertain from information published by that third-party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

SUMMARY

The following overview information should be read as an introduction to the more detailed information appearing elsewhere in this Offering Memorandum, including the consolidated financial information of the Company and the accompanying notes included elsewhere in this Offering Memorandum. Any decision by a prospective investor to invest in the Notes should be based on consideration of the Offering Memorandum as a whole, including the information discussed in “Cautionary Note Regarding Forward-Looking Statements”, “Presentation of Financial and Other Information”, “Description of the Notes” and “Risk Factors” and not solely on this summarised information.

Overview

Convatec is an innovative global medical products and technologies company, focused on solutions for the management of chronic conditions. The Company has leading positions in Advanced Wound Care, Ostomy Care, Continence Care and Infusion Care. It provides products and services in approximately 90 countries and has more than 10,000 employees. The Group’s solutions provide a range of clinical and economic benefits, including infection prevention, protection of at-risk skin, improved patient outcomes and reduced total costs of care.

The Group operates across four major market categories, supporting patients living with long-term chronic conditions:

- **Advanced Wound Care.** Advanced Wound Care provides advanced dressings for the management of acute and chronic wounds resulting from ongoing conditions, such as diabetes, and acute conditions resulting from traumatic injury and burns. Advanced Wound Care had \$743 million of revenue in 2024, representing 32% of the Group’s total revenue.
- **Ostomy Care.** Ostomy Care provides devices, accessories and services for people with a stoma (a surgically created opening where bodily waste is discharged), commonly resulting from causes such as colorectal cancer, bladder cancer, inflammatory bowel disease and trauma. Ostomy Care had \$634 million of revenue in 2024, representing 28% of the Group’s total revenue.
- **Continence Care.** Continence Care provides products and services for people with urinary continence issues related to spinal cord injury, neurological disease, prostate enlargement or other causes. Continence Care had \$501 million of revenue in 2024, representing 22% of the Group’s total revenue.
- **Infusion Care.** Infusion Care provides disposable infusion sets used with insulin pumps for diabetes or with continuous infusion treatments for conditions such as Parkinson’s disease. Infusion Care had \$411 million of revenue in 2024, representing 18% of the Group’s total revenue.

Convatec’s business is spread geographically around the world, with 57% of its revenue in North America (\$1.296 billion in 2024), 29% in Europe (\$661 million in 2024) and 14% in the rest of the world (\$332 million in 2024). In 2024, the Company sold over 900 million products in 12 key markets, with production carried out at seven manufacturing locations worldwide. For the year ended December 31, 2024, the Group had total revenue of \$2.289 billion (\$2.142 billion in 2023), reported operating profit of \$325 million (\$263 million in 2023), adjusted operating profit of \$485 million (\$432 million in 2023) and an adjusted operating profit margin of 21.2% (20.2% in 2023). More than 90% of the Group’s revenues arise from serving chronic care patients, and these revenues are often recurring in nature.

Three global healthcare megatrends drive structural growth and demand for Convatec’s solutions:

- **Increased life expectancy and ageing populations.** Average life expectancy has grown from 47 years in 1950 to 72 years in 2022, based on data from the United Nations. Further, the global population over the age of 65 is expected to grow from 800 million in 2020 to 1.6 billion in 2060, based on data from the United Nations.
- **Chronic conditions are increasing.** As people live longer, the prevalence and cost of chronic disease continues to grow. One in three adults globally is affected by chronic conditions (cardiovascular disease, cancer and diabetes).

- **Improving access to healthcare in emerging markets.** Ageing populations, rising per-capita gross domestic product (GDP) and urbanisation are expected to drive strong healthcare demand in emerging markets. This demand is expected to outpace overall GDP growth in emerging economies and healthcare spending growth in developed countries. According to World Bank data, in 2019 healthcare spending in emerging markets was 5.2% of GDP, compared to 12.5% of GDP in OECD countries and 16.8% of GDP in the United States.

The tables below show the Group's revenue, revenue by category, reported revenue growth, constant currency revenue growth and organic revenue growth. Constant currency revenue growth is calculated by applying the applicable prior period average exchange rates to the Group's actual performance in the respective period under review. Organic revenue growth is calculated as period over period revenue growth at constant currency and excludes the impact of acquired and disposed/discontinued businesses in the period. Constant currency revenue growth and Organic revenue growth are non-IFRS financial measures. For further information on reported revenue growth and constant currency revenue growth, see "Management's Discussion and Analysis of Financial Conditions and Results of Operations".

	Six months ended 30 June 2024	Six months ended 30 June 2025	Reported growth/ (decline)	Foreign exchange impact	Constant currency growth/ (decline)	Impact of acquisitions and disposals	Organic growth/ (decline)
	(\$ millions)		%	%	%	%	%
Revenue by category							
Advanced Wound Care excluding InnovaMatrix.....	314.8	327.6	4.1	(0.4)	4.5	0.2	4.3
Ostomy Care.....	311.1	326.5	4.9	(0.4)	5.3	0.6	4.7
Continence Care	242.6	259.4	7.0	-	7.0	0.3	6.7
Infusion Care	199.5	227.1	13.7	(0.4)	14.1	-	14.1
Group revenue excluding InnovaMatrix and hospital care exit...	1,068.0	1,140.6	6.8	(0.3)	7.1	0.3	6.8
InnovaMatrix revenue..	45.2	39.3	(13.1)	-	(13.1)	-	(13.1)
Hospital care and related industrial sales ⁽¹⁾	0.2	nil	n/a	n/a	n/a	n/a	n/a
Revenue	1,113.4	1,179.9	6.0	(0.3)	6.3	0.3	6.0

	Year ended 31 December 2023	Year ended 31 December 2024	Reported growth/ (decline)	Foreign exchange impact/ (decline)	Constant currency growth	Organic growth
	(\$ millions)		%	%	%	%
Revenue by category						
Advanced Wound Care.....	695.3	742.7	6.8	(0.6)	7.4	7.4
Ostomy Care.....	608.3	634.0	4.2	(1.4)	5.6	5.3
Continence Care	457.2	501.4	9.7	(0.1)	9.8	8.3
Infusion Care	370.9	410.9	10.8	(0.4)	11.2	11.2
Revenue excluding hospital care exit.....	2,131.7	2,289.0	7.4	(0.7)	8.1	7.7
Hospital care and related industrial sales ⁽¹⁾	0.2	10.7	(98.1)	n/a	n/a	n/a
Revenue	2,289.2	2,142.4	6.9	(0.7)	7.6	7.7

- (1) Following the Company's exit from hospital care and related industrial sales in 2022, effective from 1 January 2023, Flexi-Seal, the Group's fecal management system, moved from the Continence & Critical Care category to the Ostomy Care category. The remaining industrial sales, predominantly continence-related supplies for business-to-business customers, moved from Infusion Care to Continence Care. Continence & Critical Care has since been renamed Continence Care.

Strengths

Convatec holds leading positions in chronic care markets characterized by structural growth and recurring revenues. The Company targets the fastest growing segments by developing innovative and differentiated new products.

- **Focused on large and growing chronic care categories.** Convatec operates in four chronic care categories which have a combined market size of approximately \$15.5 billion per year and market growth rates varying between 4% and 8% per year. The Company is among a small number of leaders in the categories in which it operates and believes that it can consistently grow revenue faster than each market. The Group's growth has been broad-based across categories, geographies and products, with leading market positions, differentiated products and a strong new product pipeline. Convatec estimates that it is the third largest business globally in Advanced Wound Care and Ostomy Care, the largest business in the U.S. in Continence Care, and the largest business globally in Infusion Care.

Convatec sells over 900 million high-quality consumable products for a diverse range of chronic conditions annually. There are notable synergies across the Convatec categories in areas such as polymer and biomaterial sciences, adhesive technologies, product and clinical development, automated manufacturing, supply chain capabilities and sales & marketing. In recent years, the Group has been rationalising its production network while automating and expanding capacity in the most appropriate locations and increasing its business resilience and efficiency.

- **Growing faster than its categories through investment in innovation.** Convatec has delivered six years of accelerating organic revenue growth, driven by an investment in innovation which is broadening its product portfolio. The Group expects to consistently grow revenue faster than each market over the long term, driven by the strongest new product innovation pipeline in Convatec's history. During 2024 and the first half of 2025, the Company continued to strengthen its product portfolio, led by research and development, innovation and the successful launch of new products. Convatec launched or significantly expanded the regional presence of four new products, including ConvaFoam in Europe and GentleCath Air for Women in the U.S. Looking ahead, ConvaNiox, a new advanced wound dressing technology powered by nitric oxide, received regulatory approval in the EU and the UK in April 2025 and is expected to launch in the UK, Spain and Italy in the second half of 2025. ConvaNiox is highly complementary to the Company's Advanced Wound Care portfolio.
- **Increasing profitability via innovation, simplification and scale.** During 2024 and the first half of 2025, Convatec continued to drive operational and commercial improvements as part of its focus on driving simplification and productivity. Adjusted operating margin increased by 350 basis points to 21.2% in 2024 since 2021, and the Group is focused on further increasing its operating margin. The Company increased automation in its facilities and continued to optimise its plant network for scale and efficiency by completing the closure of its EuroTec facility in the Netherlands and closing its small Herlev site in Denmark. In commercial areas, Convatec created an integrated Global Marketing & Sales (GMS) Centre of Excellence (CoE), further developed its Market Access & Reimbursement CoE, and rationalised its use of marketing agencies globally. The Group is also encouraged by the potential for AI to drive productivity improvements in areas such as customer service, marketing content generation and translation.

In addition, Convatec delivered further general and administrative (G&A) savings by expanding the scope of its Global Business Services centres across Finance, IT and HR activities. In 2024 adjusted G&A expenses declined by 4.7% to \$165 million (2023: \$173 million), representing 7.2% of revenue (2023: 8.1%). The Company also continued to increase its operational resilience with further investments in infrastructure, automation and capacity across its manufacturing network.

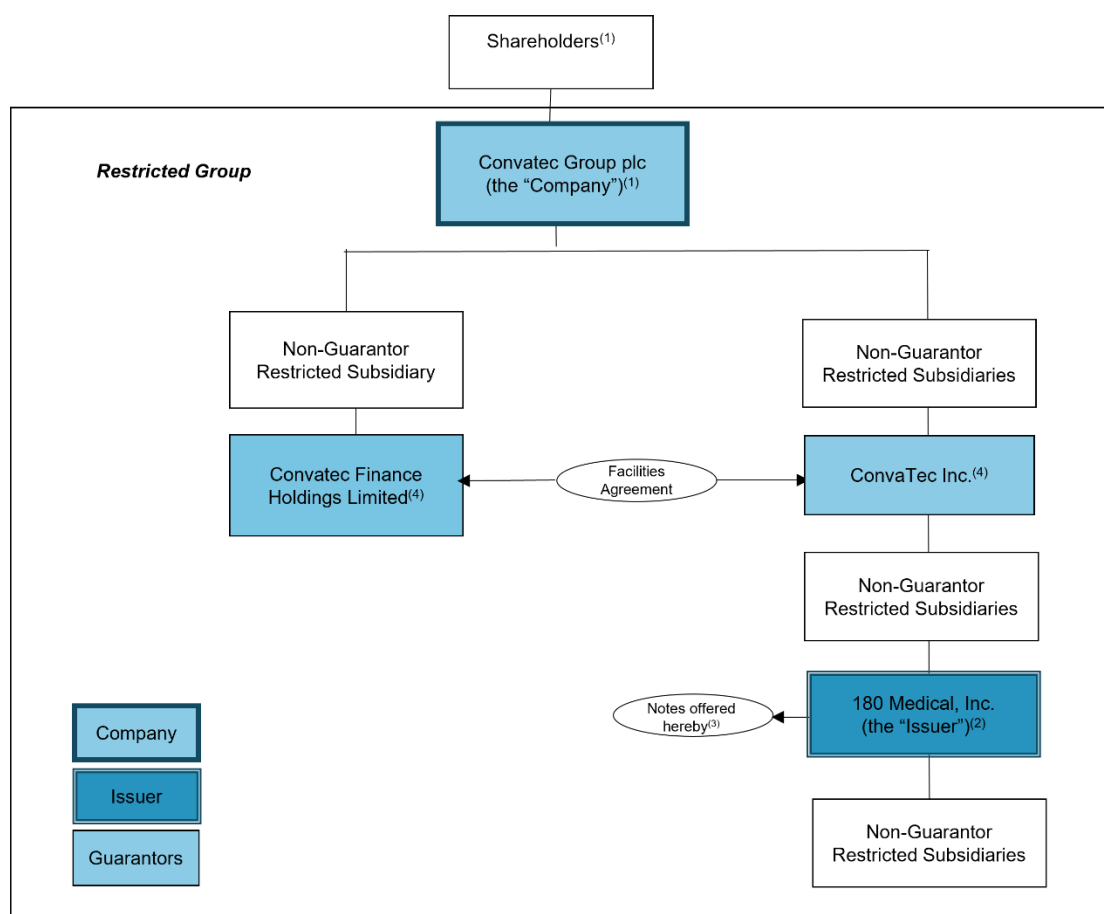
- **Strong cash flow.** Convatec targets high cash conversion while consistently investing in capex and research and development to grow its sales and sustainably increase operating margin, complemented by selective bolt-on acquisitions. Increasing profitability and strong cash generation during 2024 led to a decrease in net debt, with net debt to Adjusted EBITDA leverage at 31 December 2024 of 1.8x, 0.3x below levels in 2023. The Group’s strong cash generation is supporting continued organic and inorganic investment for growth, consistent with the Group’s capital allocation priorities and broader strategy.

The Refinancing

The Issuer intends to use the gross proceeds of the Offering to refinance existing debt, including to prepay the Term Loan in full, prepay a portion of the Revolving Credit Facility and pay related fees and expenses (together, the “Refinancing”), and for other general corporate purposes. See “*Use of Proceeds.*”

SUMMARY CORPORATE AND FINANCING STRUCTURE

The following diagram summarises the Group's corporate structure and shows the Group's principal outstanding financing arrangements after giving effect to the Refinancing:



- (1) The Company is a publicly traded company on the Premium Segment of the Official List and the main market of the London Stock Exchange and had a market capitalisation of approximately \$6,113.83 million (using a rate of \$1.3484 per £1.00) as at 25 September 2025. For further information on the Company's shareholders, please see "*Principal Shareholders.*"
- (2) The Issuer is a corporation incorporated in the state of Oklahoma with its principal executive office at 8516 Northwest Expressway, Oklahoma City, OK 73162, United States.
- (3) The Notes (i) will be general unsecured obligations of the Issuer; (ii) will rank *pari passu* in right of payment with any existing and future unsecured debt of the Issuer that is not expressly subordinated in right of payment to the Notes, including the 2021 Notes and the Issuer's obligations under indebtedness incurred under the Revolving Credit Facility, as a guarantor thereunder; (iii) will rank senior in right of payment to any existing and any future debt of the Issuer that is expressly subordinated in right of payment to the Notes, if any; (iv) will be effectively subordinated to any existing and future secured debt of the Issuer or its subsidiaries, to the extent of the value of such property or assets so securing such debt, including capitalised leases on such property or assets; (v) will be guaranteed on a senior unsecured basis by the Guarantors, which guarantees may be subject to guarantee limitations as described in "*Insolvency Law and Limitations on Validity and Enforceability of Guarantees*"; and (vi) will be structurally subordinated to any existing and future debt of subsidiaries of the Issuer that are not providing Guarantees.
- (4) The Notes will be guaranteed, on a joint and several basis, fully and unconditionally by the Guarantors. The Guarantees (i) will be senior unsecured obligations of the relevant Guarantor; (ii) will rank *pari passu* in right of payment with any existing and future unsecured debt of the

relevant Guarantor that is not subordinated in right of payment to the relevant Guarantee, including obligations under the 2021 Notes and owed to lenders under the Revolving Credit Facility; (iii) will rank senior in right of payment to any existing and any future debt of the relevant Guarantor that is expressly subordinated in right of payment to the relevant Guarantee; (iv) will be effectively subordinated to any existing and future secured debt of the relevant Guarantor that is secured by liens on property or assets that do not secure such Guarantee, to the extent of the value of such property or assets so securing such debt, including capitalised leases on vehicles, machinery or other property assets; and (v) will be structurally subordinated to any existing and future debt of subsidiaries of the relevant Guarantor that are not providing Guarantees. The Guarantees may be subject to guarantee limitations as described in “*Insolvency Law and Limitations on Validity and Enforceability of Guarantees*.” As at 30 June 2025, and after giving effect to the Refinancing, the Group’s subsidiaries that will not guarantee the Notes had no external financial indebtedness outstanding. The Guarantees will be subject to release under certain circumstances. See “*Description of the Notes—Note Guarantees*.”

OVERVIEW OF THE OFFERING

The overview below describes the principal terms of the Notes and the Guarantees. Certain of the terms and conditions described below are subject to important limitations and exceptions. The section entitled “Description of the Notes” in this Offering Memorandum contains a more detailed description of the terms and conditions of the Notes and the Guarantees, including definitions of certain terms used in this overview.

Issuer	180 Medical, Inc. (the “Issuer”).
Guarantors.....	the Company, Convatec Inc. and Convatec Finance Holdings Limited (the “Guarantors”).
Notes Offered	\$500,000,000 aggregate principal amount of 5.300% Senior Notes due 2035 (the “Notes”).
Issue Date	8 October 2025 (the “Issue Date”).
Issue Price	99.617% plus accrued interest, if any, from the Issue Date.
Maturity Date	8 October 2035.
Interest Rate.....	5.300% per annum.
Interest Payment Dates	Interest will be payable semi-annually in arrears on 8 April and 8 October of each year, commencing on 8 April 2026. Interest will accrue from the Issue Date.
Denomination of Notes.....	The Issuer will issue the Notes in minimum denominations of \$200,000 in principal amount and integral multiples of \$1,000 in excess thereof.
Guarantees	The Notes will be guaranteed, on a joint and several basis, fully and unconditionally by the Guarantors. A Guarantee (as defined below) may be released in the event of certain sales or disposals of the relevant Guarantor and under certain other circumstances. See “ <i>Description of the Notes— Guarantees.</i> ” The Guarantees may be subject to guarantee limitations as described in “ <i>Insolvency Law and Limitations on Validity and Enforceability of Guarantees.</i> ”
Ranking of the Notes and the Guarantees	The Notes: • will be general unsecured obligations of the Issuer; • will rank <i>pari passu</i> in right of payment with any existing and future unsecured debt of the Issuer that is not expressly subordinated in right of payment to the Notes, including the 2021 Notes and the Issuer’s obligations under indebtedness incurred under the Revolving Credit Facility, as a guarantor thereunder; • will rank senior in right of payment to any existing and any future debt of the Issuer that is expressly subordinated in right of payment to the Notes, if any; • will be effectively subordinated to any existing and future secured debt of the Issuer or its subsidiaries that is secured by property or assets that do not secure the Notes, to the extent of the value of such property or assets so securing such debt;

- will be guaranteed on a senior unsecured basis by the Guarantors, which guarantees may be subject to the guarantee limitations as described in “*Insolvency Law and Limitations on Validity and Enforceability of Guarantees*” and release as described in “*Description of the Notes —Note Guarantees*”; and
- will be structurally subordinated to any existing and future debt of subsidiaries of the Issuer that are not providing Guarantees.

The Notes will be guaranteed by the Guarantors on the Issue Date (the “Guarantees”) and may in the future be guaranteed by other Subsidiaries of the Company.

The Guarantees:

- will be senior unsecured obligations of the relevant Guarantor;
- will rank *pari passu* in right of payment with any existing and future unsecured debt of the relevant Guarantor that is not subordinated in right of payment to the relevant Guarantee, including obligations under the 2021 Notes and owed to lenders under the Revolving Credit Facility;
- will rank senior in right of payment to any existing and any future debt of the relevant Guarantor that is expressly subordinated in right of payment to the relevant Guarantee;
- will be effectively subordinated to any existing and future debt of the relevant Guarantor that is secured by liens on property or assets that do not secure such Guarantee, to the extent of the value of such property or assets so securing such debt, including capitalised leases on such property or assets; and
- will be structurally subordinated to any existing and future debt of subsidiaries of the relevant Guarantor that are not providing Guarantees.

The Guarantees may be subject to guarantee limitations as described in “*Insolvency Law and Limitations on Validity and Enforceability of Guarantees*.” The Guarantees will be subject to release under certain circumstances. See “*Description of the Notes—Note Guarantees*.”

As of 30 June 2025, after giving effect to the Refinancing, the Issuer and the Guarantors would have had \$1,278.1 million of senior unsecured indebtedness, including the Notes, debt under the Revolving Credit Facility and 2021 Notes, and no secured debt (excluding lease obligations). In addition, as of 30 June 2025, after giving effect to the Refinancing, the Group’s non-Guarantor subsidiaries would have had no indebtedness outstanding.

Use of Proceeds

The Issuer intends to use the gross proceeds of the Offering to refinance existing debt, including to prepay the Term Loan in full, prepay a portion of the Revolving

	Credit Facility and pay related fees and expenses, and for other general corporate purposes. See “ <i>Use of Proceeds.</i> ”
Optional Redemption	At any time prior to 8 July 2035, the Issuer may redeem some or all of the Notes at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus, in each case, accrued and unpaid interest and additional amounts, if any, to, but excluding, the applicable redemption date plus the applicable “make whole” premium. See “<i>Description of the Notes—Optional Redemption.</i>” At any time on or after 8 July 2035, the Issuer may redeem some or all of the Notes at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus, in each case, accrued and unpaid interest and additional amounts, if any, to, but excluding, the applicable redemption date. See “<i>Description of the Notes—Optional Redemption.</i>”
Optional Tax Redemption	If certain changes or amendments in the tax laws of any Relevant Taxing Jurisdiction (as defined in “ <i>Description of the Notes</i> ”) become effective on or after the date of the Indenture and, as a result, the Issuer or any Guarantor is or would on the next payment date be required to pay any Additional Amounts (as defined in “ <i>Description of the Notes</i> ”), the Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of redemption. See “ <i>Description of the Notes—Optional Redemption for Tax Reasons.</i> ”
Additional Amounts	Any payments made by the Issuer or any Guarantor under or with respect to the Notes or any Guarantee will be made without withholding or deduction for taxes imposed or levied by any Relevant Taxing Jurisdiction, unless required by law. If withholding or deduction for such taxes is required to be made with respect to a payment on the Notes or the Guarantees, subject to certain exceptions, the Issuer or the relevant Guarantor, as the case may be, will pay such additional amounts as may be necessary so that the net amount received by the holders of the Notes after such withholding or deduction is not less than the amount that they would have received in the absence of such withholding or deduction. See “ <i>Description of the Notes—Additional Amounts.</i> ”
Change of Control	Upon the occurrence of certain events constituting a “Change of Control” (as defined in “ <i>Description of the Notes</i> ”), holders of the Notes will have the right to require the Issuer to repurchase all or part of the Notes at a purchase price in cash equal to 101% of the aggregate principal amount of the Notes, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the repurchase date. See “ <i>Description of the Notes—Repurchase upon a Change of Control Triggering Event.</i> ”
Certain Covenants	The Indenture governing the Notes will contain covenants that will, among other things, limit the Issuer’s ability and the ability of the Company’s subsidiaries to, among other things:

- create liens on assets to secure debt;
- enter into sale and leaseback transactions; and
- merge or consolidate with or into other entities.

These covenants are subject to a number of important qualifications and exceptions. For more details, see “*Description of the Notes—Certain Covenants.*”

Transfer Restrictions	The Notes and the Guarantees have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction and may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Issuer and the Guarantors have not agreed to, or otherwise undertaken to, register the Notes or the Guarantees (including by way of an exchange offer).
No Established Market	The Notes will be new securities for which there is currently no established trading market. Although the Initial Purchasers have informed the Group that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, the Group cannot assure you that a liquid market for the Notes will develop or be maintained.
Listing	Application has been made to the London Stock Exchange for the Notes to be admitted to trading on the International Securities Market. There is no assurance that the Notes will be admitted to trading on the International Securities Market, and obtaining admission is not a condition to the consummation of this offering. If such a listing is obtained, we will have no obligation to maintain such listing, and we may delist the Notes at any time. The International Securities Market is a market designated for professional investors. Notes admitted to trading on the International Securities Market are not admitted to the Official List of the UK Financial Conduct Authority. The London Stock Exchange has not approved or verified the contents of this Offering Memorandum.
Form of Notes	The Notes will be represented on issue by one or more Global Notes which will be deposited with a custodian and registered in the name of Cede & Co., as nominee for DTC, in each case for credit to an account of a direct or indirect participant in DTC. If Certificated Notes are issued in respect of the Notes, they will be issued only in minimum denominations of \$200,000 in principal amount and integral multiples of \$1,000 in excess thereof. Interests in the Global Notes will be exchangeable for Certificated Notes only in certain limited circumstances. See “<i>Book-Entry; Delivery and Form.</i>”
Further Issues	We may, without the consent of the holders of the Notes, issue additional notes having the same ranking and same interest rate, maturity date, redemption terms and other terms as the Notes described in this Offering Memorandum except for the price to the public, issue date and, in certain circumstances, the first interest payment

date. Any such additional notes, together with the Notes offered by this Offering Memorandum, will constitute a single series of securities under the Indenture relating to the Notes; provided that, if the additional notes are not fungible for U.S. federal income tax purposes with the Notes offered hereby, such additional notes will have a separate CUSIP and ISIN or other identifying number.

Governing Law of the Indenture, the Notes and the Guarantees	New York.
Trustee.....	BNY Mellon Corporate Trustee Services Limited.
Paying Agent.....	The Bank of New York Mellon, London Branch.
Transfer Agent and Registrar	The Bank of New York Mellon SA/NV, Dublin Branch.
Risk Factors	Investing in the Notes involves a high degree of risk. See “ <i>Risk Factors</i> ” for a description of certain of the risks you should carefully consider before making a decision whether to invest in the Notes.

SUMMARY FINANCIAL AND OTHER INFORMATION

The following tables, which present the Group's summary historical financial information as at and for the years ended 31 December 2022, 2023 and 2024 and as at and for the six months ended 30 June 2024 and 2025, should be read in conjunction with "Presentation of Financial and Other Information", "Use of Proceeds", "Capitalisation", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements of the Group and related notes for the indicated periods included elsewhere in this Offering Memorandum.

This section includes certain financial measures that are not required by or presented in accordance with IFRS Accounting Standards because management believes they provide investors with useful additional information to measure the Group's performance, liquidity or capital expenditures. For more information on the definition and calculation of these Non-IFRS Financial Measures and, where relevant, a reconciliation to the Group's reported historical financial information presented on an IFRS Accounting Standards basis, please see "Presentation of Financial and Other Information—Non-IFRS Financial Measures." These Non-IFRS Financial Measures have important limitations as analytical tools. As some of these measures are not determined in accordance with IFRS Accounting Standards, and are thus susceptible to varying calculations, they may not be comparable with other similarly titled measures of performance of other companies.

The following tables also include certain unaudited consolidated financial information that has been adjusted to reflect the impact of the Refinancing as if it had occurred (x) on 30 June 2025 for purposes of the calculation of the Group's as adjusted indebtedness and (y) on 1 July 2024 for purposes of the calculation of the Group's as adjusted finance costs. The unaudited as adjusted financial information has been prepared for illustrative purposes only and does not represent what the Group's actual results would have been had the Refinancing occurred on such dates nor do they purport to project the Group's financial position or finance costs or other as adjusted financial ratios at any future date. Neither the assumptions underlying the adjustments nor the resulting adjusted financial information have been audited or reviewed in accordance with any generally accepted auditing or review standard.

Summary Consolidated Income Statement

The table below sets out the summary consolidated income statement for the Group for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2022 ⁽¹⁾	2023	2024	2024	2025
	(\$ millions)				
Revenue.....	2,072.5	2,142.4	2,289.2	1,113.4	1,179.9
Cost of sales	(968.6)	(941.8)	(1,005.6)	(490.3)	(523.3)
Gross profit.....	1,103.9	1,200.6	1,283.6	623.1	656.4
Selling and distribution expenses	(575.9)	(612.5)	(645.2)	(322.1)	(327.2)
General and administrative expenses	(214.9)	(212.9)	(195.0)	(97.8)	(98.3)
Research and development expenses	(92.0)	(110.0)	(111.7)	(54.0)	(53.5)
Other operating (expenses)/income	(13.8)	(2.5)	(6.8)	-	1.8
Operating profit	207.3	262.7	324.9	149.2	179.2
Finance income	5.5	5.2	4.8	2.6	1.4
Finance expense	(57.6)	(80.7)	(82.9)	(42.8)	(33.6)
Fair value movement of contingent consideration	(45.6)	(24.6)	(4.6)	(4.7)	(4.8)
Non-operating income/(expense), net....	(28.2)	4.8	3.7	(0.3)	(4.8)
Profit before income taxes	81.9	167.4	245.9	104.0	137.4
Income tax expense	(19.0)	(37.1)	(55.4)	(25.4)	(32.6)

Net profit.....	62.9	130.3	190.5	78.6	104.8

- (1) Certain line items in the Consolidated Income Statement for the year ended 31 December 2022 have been re-presented for consistency and comparability within periods. The financial information for the year ended 31 December 2022 has been extracted from the comparative figures included in the 2023 Consolidated Financial Statements. The fair value movement of contingent consideration is now presented separately as its own line item in the Group's income statement. In 2022, the fair value movement of contingent consideration (\$45.6 million) includes \$15.6 million that was previously included within finance expense and \$29.5 million that was previously included within non-operating income/(expense), net. See Note 1.6 – prior year re-presentations in the 2023 Consolidated Financial Statements.

Summary Consolidated Statement of Financial Position

The table below sets out the consolidated statement of financial position for the Group as at the dates indicated.

	As at 31 December			As at 30 June
	2022 ⁽¹⁾	2023 ⁽²⁾	2024	2025
	(\$ millions)			
Assets				
Non-current assets				
Property, plant and equipment.....	400.4	473.8	502.6	594.0
Right-of-use assets	79.4	74.7	67.5	67.5
Intangible assets	924.9	935.3	805.9	759.3
Goodwill.....	1,224.6	1,298.8	1,290.2	1,359.9
Investment in financial assets	30.7	22.9	16.9	15.7
Deferred tax assets.....	26.6	21.2	22.7	23.2
Derivative financial assets	0.2	-	-	0.2
Restricted cash.....	7.3	5.3	3.4	4.5
Other non-current receivables	8.6	11.7	12.5	13.2
	2,702.7	2,843.7	2,721.7	2,837.5
Current assets				
Inventories	336.9	396.1	349.6	381.1
Trade and other receivables.....	339.3	333.7	335.0	402.6
Current tax receivable.....	24.7	16.5	16.8	22.4
Derivative financial assets	26.4	13.6	18.4	23.6
Restricted cash.....	18.2	12.5	8.8	8.6
Cash and cash equivalents	143.8	97.6	64.7	95.7
	889.3	870.0	793.3	934.0
Total assets	3,592.0	3,713.7	3,515.0	3,771.5
Equity and liabilities				
Current liabilities				
Trade and other payables.....	346.6	388.7	382.7	369.0
Lease liabilities.....	20.3	20.7	22.0	15.4
Current tax payable.....	33.5	26.6	31.9	30.5
Derivative financial liabilities	32.5	16.7	18.1	29.2
Contingent consideration.....	-	69.7	53.3	32.2
Provisions	100.2	14.0	4.3	2.5
	533.1	536.4	512.3	478.8

Non-current liabilities

Borrowings	1,211.9	1,226.9	1,122.8	1,260.8
Lease liabilities	68.0	64.8	56.8	63.7
Deferred tax liabilities	83.2	88.2	82.7	93.6
Contingent consideration	-	68.3	17.0	22.7
Provisions	53.1	3.0	3.5	3.5
Derivative financial liabilities	0.3	0.9	0.3	-
Other non-current payables	32.7	32.5	30.7	37.2
	1,449.2	1,484.6	1,313.8	1,481.5
Total liabilities	1,982.3	2,021.0	1,826.1	1,960.3
Net assets	1,609.7	1,692.7	1,688.9	1,811.2

- (1) Certain line items in the Consolidated Statement of Financial Position for the year ended 31 December 2022 have been re-presented for consistency and comparability within periods. The financial information for the year ended 31 December 2022 has been extracted from the comparative figures included in the 2023 Consolidated Financial Statements. Intangible assets of \$924.9 million and goodwill of \$1,224.6 million are now disclosed separately and the current tax receivable of \$24.7 million is disclosed separately from trade and other receivables. See Note 1.6 – prior year re-presentations in the 2023 Consolidated Financial Statement.
- (2) Certain line items in the Consolidated Statement of Financial Position for the year ended 31 December 2023 have been re-presented for consistency and comparability within periods. The financial information for the year ended 31 December 2023 has been extracted from the comparative figures included in the 2024 Consolidated Financial Statements. Contingent consideration of \$138.0 million (of which \$69.7 million was current and \$68.3 million was non-current) at 31 December 2023 is now disclosed separately. See Note 1.6 – prior year re-presentations in the 2024 Consolidated Financial Statements.

Summary Consolidated Cash Flow Statement Information

The table below sets out the summarised consolidated cash flow statement data for the Group for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2022⁽¹⁾	2023⁽²⁾	2024	2024	2025
	(\$ millions)				
Net cash generated from operating activities	281.7	367.4	396.2	73.5	155.0
Net cash used in investing activities	(348.3)	(285.7)	(160.8)	(73.1)	(93.2)
Net cash (used in)/generated from financing activities	(237.1)	(124.0)	(263.8)	1.7	(32.1)
Net change in cash and cash equivalents ...	(303.7)	(42.3)	(28.4)	2.1	29.7
Cash and cash equivalents at beginning of the year/period	463.4	143.8	97.6	97.6	64.7
Effect of exchange rate changes on cash and cash equivalents	(15.9)	(3.9)	(4.5)	(2.8)	1.3
Cash and cash equivalents at end of the year/period	143.8	97.6	64.7	96.9	95.7

- (1) Certain line items in the Consolidated Statement of Cash Flows for the year ended 31 December 2022 have been re-presented for consistency and comparability within periods. The financial information for the year ended 31 December 2022 has been extracted from the comparative figures included in the 2023 Consolidated Financial Statements. Trade and other payables and other non-current payables have been re-presented to separately disclose the cash impact of movements in provisions of \$9.8 million. See Note 1.6 – prior year re-presentations in the 2023 Consolidated Financial Statement.
- (2) Certain line items in the Consolidated Statement of Cash Flows for the year ended 31 December 2023 have been re-presented for consistency and comparability within periods. The financial information for the year ended 31 December 2023 has been extracted from the comparative figures included in the 2024 Consolidated Financial Statements. The non-operating income for the year ended 31 December 2023 has been re-presented to be disclosed net of unrealised losses on derivatives of \$1.9 million. See Note 1.6 – prior year re-presentations in the 2024 Consolidated Financial Statements.

Other Financial and Operating Data

The Group presents Non-IFRS measures that exclude the impact of certain items that management believes are not related to the underlying performance of the Group. These adjusted results exclude certain items because management believes that, if included, these items could distort an understanding of the Group's performance for the period indicated and the comparability between periods. See "Presentation of Financial and Other Information—Non-IFRS Financial Measures".

Adjusted Gross Profit

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	(\$ millions)				
Gross profit	1,103.9	1,200.6	1,283.6	623.1	656.4
Amortisation of acquired intangibles ⁽¹⁾	111.6	110.4	109.0	53.7	54.0
Acquisition-related costs ⁽²⁾	8.7	1.5	-	-	-
Divestiture-related costs/(income) ⁽³⁾	16.6	3.6	(1.1)	-	-
Termination benefits and related costs ⁽⁴⁾	4.8	2.1	0.9	-	-
Other adjusting items ⁽⁵⁾	-	2.5	4.0	1.1	0.7
Total adjustments	141.7	120.1	112.8	54.8	54.7
Adjusted gross profit⁽⁶⁾	1,245.6	1,320.7	1,396.4	677.9	711.1

- (1) Comprises the amortisation of intangible assets acquired in business combinations that is classified as cost of sales. Acquisitions in 2024 related to Livramedom whilst in 2023, acquisitions related to Starlight Science, A Better Choice Medical Supply and All American Medical Supply and in 2022, acquisitions related to Triad Life Sciences. Adjustment in 2024 also included \$94.1 million (2023: \$93.2 million; 2022: \$93.0 million) that resulted from intangible assets arising from the spin-out from Bristol-Myers Squibb in 2008, which will be fully amortised by December 2026. The Group's strategy is to grow both organically and through acquisition, with acquisitions being targeted to strengthen its position in key geographies and/or business categories or which provide access to new technology. The nature of the businesses acquired includes the acquisition of significant intangible assets, which are required to be amortised. Amortisation of acquisition-related intangible assets is, by its nature, a recurring adjustment. Amortisation of acquired intangible assets are recognised within cost of sales, or operating expenses (S&D, G&A and R&D), depending on the nature and use of the underlying intangible asset. For example, amortisation costs of intangible assets associated with generating revenue are classified as cost of sales.
- (2) Costs directly related to potential and actual strategic transactions which have been executed, aborted or are in-flight are deemed adjusting items. Acquisition-related costs are recognised within cost of sales or operating expenses depending on the nature of the cost. For example, acquisition-

related costs of \$1.5 million in 2023 and \$8.7 million in 2022, which were recognised in cost of sales, related to the release of an inventory fair value uplift in respect of the acquisition of Triad Life Sciences.

- (3) Includes gains or losses resulting from the disposal or divestment of a business as a result of a sale, major business change or restructuring programme. Provisions reflected include write-downs of non-current assets, provisions to recognise inventories at realisable value, provisions for costs of exiting contracts and associated legal fees, and any other directly attributable costs. Any income from the ultimate disposal of a business or subsidiary is included in the gain or loss. Adjusted measures in relation to divestitures also include aborted deal costs. For the years ended 31 December 2024, 2023 and 2022, divestitures related to the 2022 discontinuation of hospital care, related industrial sales and associated Russia operations. Divestiture-related costs are recognised within cost of sales or operating expenses depending on the nature of the cost. For example, inventory write-offs associated with a divestiture programme would be classified within cost of sales.
- (4) Arises from material, one-time Group-wide initiatives to reduce the ongoing cost base and improve efficiency in the business, including divestitures from non-strategic activities. Qualifying items are limited to termination benefits (including retention) without condition of continuing employment in respect of major Group-wide change programmes. Where discrete qualifying items are identified these costs are highlighted and excluded from the calculation of adjusted measures. Due to their nature, these adjusted costs may span more than one year. For the year ended 31 December 2024, termination costs primarily related to fundamental transformation projects in line with the Group's simplification and productivity initiatives. For the year ended 31 December 2023, termination costs were in respect of one-off, fundamental transformation projects and primarily due to the migration of HR services to Global Business Services, the closure of the EuroTec factory in the Netherlands and a restructuring of activities in Switzerland. For the year ended 31 December 2022, termination costs were in respect of the discontinuation from hospital care and related industrial sales activities. Termination benefits and related costs are classified within cost of sales or operating expenses in line with the functional nature of the employee's role.
- (5) Other adjusting items include items that do not fall within the above categories but qualify as adjusting items in line with the Group's policy. Whilst non-exhaustive, examples of other adjusting items could include significant historic legal claims outside the normal course of business or one-time initiatives which are part of the Group's strategy to improve productivity in the business and optimise cash flows. The Board considers each item individually to determine whether its size and nature warrants separate disclosure. Qualifying costs are limited to directly attributable costs of the initiatives and any realignment costs. Due to the nature of the initiatives, these adjusted costs may span more than one year.

Other adjusting items in 2023, 2024 and the first half of 2025 primarily consisted of inventory write-offs and validation expenses associated with the closures of factories in Netherlands and Herlev. These costs have been approved by the Group's Audit Committee and span over more than one year.

- (6) Adjusted gross profit is a Non-IFRS Measure. See "*Presentation of Financial and Other Information—Non-IFRS Financial Measures.*"

Adjusted Operating Profit

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	(\$ millions)				
Operating profit	207.3	262.7	324.9	149.2	179.2
Amortisation of acquisition intangibles ⁽¹⁾	131.3	136.2	136.3	67.3	67.2
Acquisition-related costs ⁽²⁾	16.9	8.3	3.5	0.9	1.3
Divestiture-related costs/(income) ⁽³⁾	39.7	1.8	(1.7)	(0.6)	0.2
Termination benefits and related costs ⁽⁴⁾	7.1	9.5	6.3	1.4	0.9
Impairment of assets ⁽⁵⁾	1.4	-	-	-	-
Other adjusting items ⁽⁶⁾	-	13.3	16.0	4.6	3.0

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
Total adjustments	196.4	169.1	160.4	73.6	72.6
Adjusted operating profit⁽⁷⁾	403.7	431.8	485.3	222.8	251.8

- (1) Comprises the amortisation of intangible assets acquired in business combinations that is classified within cost of sales and operating expenses. Acquisitions in 2024 related to Livramedom whilst in 2023, acquisitions related to Starlight Science, A Better Choice Medical Supply and All American Medical Supply and in 2022, acquisitions related to Triad Life Sciences. Adjustment in 2024 also included \$94.1 million (2023: \$93.2 million; 2022: \$93.0 million) that resulted from intangible assets arising from the spin-out from Bristol-Myers Squibb in 2008, which will be fully amortised by December 2026. The Group's strategy is to grow both organically and through acquisition, with acquisitions being targeted to strengthen its position in key geographies and/or business categories or which provide access to new technology. The nature of the businesses acquired includes the acquisition of significant intangible assets, which are required to be amortised. Amortisation of acquisition-related intangible assets is, by its nature, a recurring adjustment. Amortisation of acquired intangible assets is recognised within cost of sales, or operating expenses (S&D, G&A and R&D), depending on the nature and use of the underlying intangible asset. For example, amortisation costs of intangible assets associated with generating revenue are classified as cost of sales.
- (2) Costs directly related to potential and actual strategic transactions which have been executed, aborted or are in-flight are deemed adjusting items. For the year ended 31 December 2024, adjustments primarily related to legal and professional fees in respect of completed or aborted acquisitions in both the current year and previous years. For the year ended 31 December 2023, acquisition-related costs primarily consisted of deal-related fees and also included the inventory fair value release of \$1.5 million (2022: \$8.7 million) in respect of the acquisition of Triad Life Sciences in 2022. For the year ended 2022, acquisition-related costs primarily related to the acquisition of Triad Life Sciences. Acquisition-related costs are recognised within cost of sales or operating expenses depending on the nature of the cost. For example, acquisition-related costs of \$1.5 million in 2023 and \$8.7 million in 2022, which were recognised in cost of sales, related to the release of an inventory fair value uplift in respect of the acquisition of Triad Life Sciences.
- (3) Comprises gains or losses resulting from the disposal or divestment of a business as a result of a sale, major business change or restructuring programme. Provisions reflected include write-downs of non-current assets, provisions to recognise inventories at realisable value, provisions for costs of exiting contracts and associated legal fees, and any other directly attributable costs. Any income from the ultimate disposal of a business or subsidiary is included in the gain or loss. Adjusted measures in relation to divestitures also include aborted deal costs. For the years ended 31 December 2024, 2023 and 2022, divestitures related to the 2022 discontinuation of hospital care, related industrial sales and associated Russia operations. Divestiture-related costs are recognised within cost of sales or operating expenses depending on the nature of the cost. For example, inventory write-offs associated with a divestiture programme would be classified within cost of sales.
- (4) Arises from material, one-time Group-wide initiatives to reduce the ongoing cost base and improve efficiency in the business, including divestitures from non-strategic activities. Qualifying items are limited to termination benefits (including retention) without condition of continuing employment in respect of major Group-wide change programmes. Where discrete qualifying items are identified these costs are highlighted and excluded from the calculation of adjusted measures. Due to their nature, these adjusted costs may span more than one year. For the year ended 31 December 2024, termination costs primarily related to fundamental transformation projects in line with the Group's simplification and productivity initiatives. For the year ended 31 December 2023, termination costs were in respect of one-off, fundamental transformation projects and primarily due to the migration of HR services to Global Business Services, the closure of the EuroTec factory in the Netherlands and a restructuring of activities in Switzerland. For the year ended 31 December 2022, termination costs were in respect of the discontinuation from hospital care and related industrial sales activities. Termination benefits and related costs are classified within cost of sales or operating expenses in line with the functional nature of the employee's role.

- (5) Arises from impairments, write-offs and gains and losses from defined programmes and where the Group considers the circumstances of such event are not reflective of normal business trading performance or when transactions relate to acquisition-related intangible assets where the amortisation is already excluded from the calculation of adjusted measures. For the year ended 31 December 2022, the impairment charge of \$1.4 million related to a legacy acquisition-related customer relationship asset. For the years ended 31 December 2023 and 31 December 2024 and the six months ended 30 June 2024 and 30 June 2025, no adjustments for the impairment of assets were made in connection with the calculation of adjusted operating profit.
- (6) Other adjusting items include items that do not fall within the above categories but qualify as adjusting items in line with the Group's policy. Whilst non-exhaustive, examples of other adjusting items could include significant historic legal claims outside the normal course of business or one-time initiatives which are part of the Group's strategy to improve productivity in the business and optimise cash flows. The Board considers each item individually to determine whether its size and nature warrants separate disclosure. Qualifying costs are limited to directly attributable costs of the initiatives and any realignment costs. Due to the nature of the initiatives, these adjusted costs may span more than one year.
- In 2023, other adjusting items consisted of costs associated with the closure of the EuroTec factory in the Netherlands and a restructuring of activities in Switzerland, in addition to the Group's office footprint optimisation programme. Costs largely consisted of legal and professional fees, the impairment of right-of-use assets and PPE, and charges related to certain office closures. In 2024, other adjusting items largely consisted of the impairment of right-of-use assets and PPE, inventory write-offs and charges wholly related to the Group's office footprint optimisation programme. In the first half of 2024, other adjusting items consisted of legal and professional fees associated with one off fundamental transformation projects and charges related to the office footprint optimisation programme whereas in the first half of 2025, other adjusting items largely consisted of the recognition of a liability in respect of a historic legal claim.
- (7) Adjusted operating profit is a Non-IFRS Measure. See "Presentation of Financial and Other Information—Non-IFRS Financial Measures."

Adjusted EBITDA

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	(\$ millions)				
Net profit	62.9	130.3	190.5	78.6	104.8
Income tax	19	37.1	55.4	25.4	32.6
Non-operating (income)/expenses	28.2	(4.8)	(3.7)	0.3	4.8
Fair value movement of contingent consideration	45.1	24.6	4.6	4.7	4.8
Finance expense, net	52.1	75.5	78.1	40.2	32.2
Operating Profit	207.3	262.7	324.9	149.2	179.2
Amortisation	147.4	154.6	157.0	78.3	78.5
Depreciation	61.8	60.2	63.8	31.4	32.2
Impairment of assets	3.1	2.1	0.9	0.4	0.8
Share based payments	16.7	14.6	19.8	9.3	10.5
Acquisition-related costs	16.9	8.3	3.5	0.9	1.3
Divestiture-related costs/(income)	39.7	1.8	(1.7)	(0.6)	0.2
Termination benefits and related costs	7.1	9.5	6.3	1.4	0.9
Other adjusting items ⁽¹⁾	-	13.3	16.0	4.6	3.0
Adjusted EBITDA⁽²⁾	500.0	527.1	590.5	274.9	306.6

- (1) Other adjusting items include items that do not fall within the above categories but qualify as adjusting items in line with the Group's policy. Whilst non-exhaustive, examples of other adjusting items could include significant historic legal claims outside the normal course of business or one-

time initiatives which are part of the Group's strategy to improve productivity in the business and optimise cash flows. The Board considers each item individually to determine whether its size and nature warrants separate disclosure. Qualifying costs are limited to directly attributable costs of the initiatives and any realignment costs. Due to the nature of the initiatives, these adjusted costs may span more than one year.

In 2023, other adjusting items consisted of costs associated with the closure of the EuroTec factory in the Netherlands and a restructuring of activities in Switzerland, in addition to the Group's office footprint optimisation programme. Costs largely consisted of legal and professional fees, the impairment of right-of-use assets and PPE, and charges related to certain office closures. In 2024, other adjusting items largely consisted of the impairment of right-of-use assets and PPE, inventory write-offs and charges wholly related to the Group's office footprint optimisation programme. In the first half of 2024, other adjusting items consisted of legal and professional fees associated with one off fundamental transformation projects and charges related to the office footprint optimisation programme whereas in the first half of 2025, other adjusting items largely consisted of the recognition of a liability in respect of a historic legal claim.

- (2) Adjusted EBITDA is a Non-IFRS Measure and is reconciled from net profit and adds back income tax, non-operating (income)/expense, fair value movement of contingent consideration, finance expense, net amortisation, depreciation, impairment of assets, share based payments, acquisition-related costs, divestiture-related costs, termination benefits and related costs and other adjusting items. The Group views Adjusted EBITDA as a useful measure because it provides a meaningful supplement to the reported IFRS Accounting Standards numbers to explain how the business is managed and measured on a day-to-day basis. See *"Presentation of Financial and Other Information—Non-IFRS Financial Measures."*

Adjusted Operating Expenses

	Year ended 31 December 2024					Year ended 31 December 2023				
	S&D	G&A	R&D	Other	Op. costs	S&D	G&A	R&D	Other	Op. costs
	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
	(\$ millions)									
Reported operating expenses⁽²⁾...	(645.2)	(195.0)	(111.7)	(6.8)	(958.7)	(612.5)	(212.9)	(110.0)	(2.5)	(937.9)
Amortisation of acquisition intangibles ⁽³⁾	0.6	19.0	7.7	—	27.3	—	19.8	6.0	—	25.8
Acquisition-related costs ⁽⁴⁾	—	2.8	—	0.7	3.5	—	6.8	—	—	6.8
Divestiture-related income ⁽⁵⁾	(0.6)	—	—	—	(0.6)	(1.0)	(0.4)	—	(0.4)	(1.8)
Termination benefits and related costs ⁽⁶⁾	1.2	2.6	1.6	—	5.4	1.6	5.7	0.1	—	7.4
Other adjusting items ⁽⁷⁾	0.3	5.6	—	6.1	12.0	—	7.9	—	2.9	10.8
Adjusted operating expenses⁽⁸⁾...	(643.7)	(165.0)	(102.4)	—	(911.1)	(611.9)	(173.1)	(103.9)	—	(888.9)

	Six months ended 30 June 2025					Six months ended 30 June 2024			
	S&D (1)	G&A (1)	R&D (1)	Other (1)	Op. costs (1)	S&D (1)	G&A (1)	R&D (1)	Op. costs (1)
	(\$ millions)								
Reported operating expenses⁽²⁾...	(327.2)	(98.3)	(53.5)	1.8	(477.2)	(322.1)	(97.8)	(54.0)	(473.9)
Amortisation of acquisition intangibles ⁽³⁾	0.3	9.1	3.8	–	13.2	0.3	9.5	3.8	13.6
Acquisition-related costs ⁽⁴⁾	–	1.3	–	–	1.3	–	0.9	–	0.9
Divestiture-related income ⁽⁵⁾	0.2	–	–	–	0.2	(0.6)	–	–	(0.6)
Termination benefits and related costs ⁽⁶⁾	–	0.9	–	–	0.9	0.2	1.2	–	1.4
Other adjusting items ⁽⁷⁾	–	4.1	–	(1.8)	2.3	0.3	3.2	–	3.5
Adjusted operating expenses⁽⁸⁾...	<u>(326.7)</u>	<u>(82.9)</u>	<u>(49.7)</u>	<u>–</u>	<u>(459.3)</u>	<u>(321.9)</u>	<u>(83.0)</u>	<u>(50.2)</u>	<u>(455.1)</u>

- (1) S&D represents selling and distribution expenses; G&A represents general and administrative expenses; R&D represents research and development expenses; Other represents other operating expenses; and Op. costs represents the total of S&D, G&A, R&D and Other in the relevant period.
- (2) Operating expenses includes selling and distribution expenses, general and administrative expenses, research and development expenses, and other operating expenses.
- (3) Comprises the amortisation of intangible assets acquired in business combinations that is classified as operating expenses. Acquisitions in 2024 related to Livramedom whilst in 2023, acquisitions related to Starlight Science, A Better Choice Medical Supply and All American Medical Supply and in 2022, acquisitions related to Triad Life Sciences. The Group's strategy is to grow both organically and through acquisition, with acquisitions being targeted to strengthen its position in key geographies and/or business categories or which provide access to new technology. The nature of the businesses acquired includes the acquisition of significant intangible assets, which are required to be amortised. Amortisation of acquisition-related intangible assets is, by its nature, a recurring adjustment. Amortisation of acquired intangible assets are recognised within cost of sales, or operating expenses (S&D, G&A and R&D), depending on the nature and use of the underlying intangible asset. For example, amortisation costs of intangible assets associated with generating revenue are classified as cost of sales.
- (4) Costs directly related to potential and actual strategic transactions which have been executed, aborted or are in-flight are deemed adjusting items. For the year ended 31 December 2024, adjustments primarily related to legal and professional fees in respect of completed or aborted acquisitions in both the current year and previous years. Acquisition-related costs are recognised within cost of sales or operating expenses depending on the nature of the cost. For example, acquisition-related costs of \$1.5 million in 2023, which were recognised in cost of sales, related to the release of an inventory fair value uplift in respect of the acquisition of Triad Life Sciences.
- (5) Includes gains or losses resulting from the disposal or divestment of a business as a result of a sale, major business change or restructuring programme. Provisions reflected include write-downs of non-current assets, provisions to recognise inventories at realisable value, provisions for costs of exiting contracts and associated legal fees, and any other directly attributable costs. Any income

from the ultimate disposal of a business or subsidiary is included in the gain or loss. Adjusted measures in relation to divestitures also include aborted deal costs. For the years ended 31 December 2024 and 2023, divestitures related to the 2022 discontinuation of hospital care, related industrial sales and associated Russia operations. Divestiture-related costs are recognised within cost of sales or operating expenses depending on the nature of the cost. For example, inventory write-offs associated with a divestiture programme would be classified within cost of sales.

- (6) Arises from material, one-time Group-wide initiatives to reduce the ongoing cost base and improve efficiency in the business, including divestitures from non-strategic activities. Qualifying items are limited to termination benefits (including retention) without condition of continuing employment in respect of major Group-wide change programmes. Where discrete qualifying items are identified these costs are highlighted and excluded from the calculation of adjusted measures. Due to their nature, these adjusted costs may span more than one year. For the year ended 31 December 2024, termination costs primarily related to fundamental transformation projects in line with the Group's simplification and productivity initiatives. For the year ended 31 December 2023, termination costs were in respect of one-off, fundamental transformation projects and primarily due to the migration of HR services to Global Business Services, the closure of the EuroTec factory in the Netherlands and a restructuring of activities in Switzerland. Termination benefits and related costs are classified within cost of sales or operating expenses in line with the functional nature of the employee's role.
- (7) Other adjusting items include items that do not fall within the above categories but qualify as adjusting items in line with the Group's policy. Whilst non-exhaustive, examples of other adjusting items could include significant historic legal claims outside the normal course of business or one-time initiatives which are part of the Group's strategy to improve productivity in the business and optimise cash flows. The Board considers each item individually to determine whether its size and nature warrants separate disclosure. Qualifying costs are limited to directly attributable costs of the initiatives and any realignment costs. Due to the nature of the initiatives, these adjusted costs may span more than one year.

In 2023, other adjusting items consisted of costs associated with the closure of the EuroTec factory in the Netherlands and a restructuring of activities in Switzerland, in addition to the Group's office footprint optimisation programme. Costs largely consisted of legal and professional fees, the impairment of right-of-use assets and PPE, and charges related to certain office closures. In 2024, other adjusting items largely consisted of the impairment of right-of-use assets and PPE, inventory write-offs and charges wholly related to the Group's office footprint optimisation programme. In the first half of 2024, other adjusting items consisted of legal and professional fees associated with one off fundamental transformation projects and charges related to the office footprint optimisation programme whereas in the first half of 2025, other adjusting items largely consisted of the recognition of a liability in respect of a historic legal claim.

- (8) Adjusted operating expenses is a Non-IFRS Measure. The Group views Adjusted operating expenses as a useful measure because it provides a meaningful supplement to the reported IFRS Accounting Standards numbers to explain how the business is managed and measured on a day-to-day basis. See "*Presentation of Financial and Other Information—Non-IFRS Financial Measures.*"

Adjusted Income Tax Expense

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	(\$ millions)				
Income tax expense/(benefit)	19.0	37.1	55.4	25.4	32.6
Tax on amortisation of acquisition intangibles ⁽¹⁾	29.2	32.6	33.6	16.6	16.3
Tax on acquisition related costs ⁽²⁾	3.5	1.4	1.7	-	1.5
Tax on divestiture-related costs/(income) ⁽³⁾	7.8	(0.7)	(0.4)	(0.2)	0.5
Tax on termination benefits and related costs ⁽⁴⁾	1.2	2.0	1.5	0.3	0.2
Tax on other adjusting items ⁽⁵⁾	-	3.2	3.8	1.1	0.9

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
Discrete tax items ⁽⁶⁾	20.1	7.5	2.9	–	–
Adjusted income tax expense⁽⁷⁾	80.8	83.1	98.5	43.2	52.0

- (1) Comprises the amortisation of intangible assets acquired in business combinations. Acquisitions in 2024 related to Livramedom whilst in 2023, acquisitions related to Starlight Science, A Better Choice Medical Supply and All American Medical Supply and in 2022, acquisitions related to Triad Life Sciences. The Group's strategy is to grow both organically and through acquisition, with acquisitions being targeted to strengthen its position in key geographies and/or business categories or which provide access to new technology. The nature of the businesses acquired includes the acquisition of significant intangible assets, which are required to be amortised. Amortisation of acquisition-related intangible assets is, by its nature, a recurring adjustment. Amortisation of acquired intangible assets are recognised within cost of sales, or operating expenses (S&D, G&A and R&D), depending on the nature and use of the underlying intangible asset. For example, amortisation costs of intangible assets associated with generating revenue are classified as cost of sales.
- (2) Costs directly related to potential and actual strategic transactions which have been executed, aborted or are in-flight are deemed adjusting items. For the year ended 31 December 2024, adjustments primarily related to legal and professional fees in respect of completed or aborted acquisitions in both the current year and previous years. For the year ended 31 December 2023, acquisition-related costs primarily consisted of deal-related fees and also included the inventory fair value release of \$1.5 million (2022: \$8.7 million) in respect of the acquisition of Triad Life Sciences in 2022. For the year ended 2022, acquisition-related costs primarily related to the acquisition of Triad Life Sciences. Acquisition-related costs are recognised within cost of sales or operating expenses depending on the nature of the cost. For example, acquisition-related costs of \$8.7 million in 2022 and \$1.5 million in 2023, which were recognised in cost of sales, related to the release of an inventory fair value uplift in respect of the acquisition of Triad Life Sciences.
- (3) Comprises the gains or losses resulting from disposal or divestment of a business as a result of a sale, major business change or restructuring programme. Provisions reflected include write-downs of non-current assets, provisions to recognise inventories at realisable value, provisions for costs of exiting contracts and associated legal fees, and any other directly attributable costs. Any income from the ultimate disposal of a business or subsidiary is included in the gain or loss. Adjusted measures in relation to divestitures also include aborted deal costs. For the years ended 31 December 2024, 2023 and 2022, divestitures related to the 2022 discontinuation of hospital care, related industrial sales and associated Russia operations. Divestiture-related costs are recognised within cost of sales or operating expenses depending on the nature of the cost. For example, inventory write-offs associated with a divestiture programme would be classified within cost of sales.
- (4) Arises from material, one-time Group-wide initiatives to reduce the ongoing cost base and improve efficiency in the business, including divestitures from non-strategic activities. Qualifying items are limited to termination benefits (including retention) without condition of continuing employment in respect of major Group-wide change programmes. Where discrete qualifying items are identified these costs are highlighted and excluded from the calculation of adjusted measures. Due to their nature, these adjusted costs may span more than one year. For the year ended 31 December 2024, termination costs primarily related to fundamental transformation projects in line with the Group's simplification and productivity initiatives. For the year ended 31 December 2023, termination costs were in respect of one-off, fundamental transformation projects and primarily due to the migration of HR services to Global Business Services, the closure of the EuroTec factory in the Netherlands and a restructuring of activities in Switzerland. For the year ended 31 December 2022, termination costs were in respect of the discontinuation from hospital care and related industrial sales activities. Termination benefits and related costs are classified within cost of sales or operating expenses in line with the functional nature of the employee's role.
- (5) Other adjusting items include items that do not fall within the above categories but qualify as adjusting items in line with the Group's policy. Whilst non-exhaustive, examples of other adjusting

items could include significant historic legal claims outside the normal course of business or one-time initiatives which are part of the Group's strategy to improve productivity in the business and optimise cash flows. The Board considers each item individually to determine whether its size and nature warrants separate disclosure. Qualifying costs are limited to directly attributable costs of the initiatives and any realignment costs. Due to the nature of the initiatives, these adjusted costs may span more than one year.

In 2023, other adjusting items consisted of costs associated with the closure of the EuroTec factory in the Netherlands and a restructuring of activities in Switzerland, in addition to the Group's office footprint optimisation programme. Costs largely consisted of legal and professional fees, the impairment of right-of-use assets and PPE, and charges related to certain office closures. In 2024, other adjusting items largely consisted of the impairment of right-of-use assets and PPE, inventory write-offs and charges wholly related to the Group's office footprint optimisation programme. In the first half of 2024, other adjusting items consisted of legal and professional fees associated with one off fundamental transformation projects and charges related to the office footprint optimisation programme whereas in the first half of 2025, other adjusting items largely consisted of the recognition of a liability in respect of a historic legal claim.

- (6) For the year ended 31 December 2024, other discrete tax items related to a tax benefit of \$2.9 million resulting from the release of a tax liability relating to restructuring activities in Switzerland. For the year ended 31 December 2023, other discrete tax items of \$7.5 million related to the tax benefit of \$15.1 million resulting from a provision release following the successful resolution of an uncertain tax position, partially offset by tax expenses of \$7.6 million in respect of a restructuring of activities in Switzerland, and for the year ended 31 December 2022, other discrete tax items of \$20.1 million related to the tax benefit from the recognition of deferred tax assets following the acquisition of Triad Life Sciences. For further details on deferred taxation, see Note 6 – Income taxes in the 2024 Consolidated Financial Statements.
- (7) Adjusted income tax expense is a Non-IFRS Measure. The Group views Adjusted income tax expense as a useful measure because it provides a meaningful supplement to the reported IFRS Accounting Standards numbers to explain how the business is managed and measured on a day-to-day basis. See “*Presentation of Financial and Other Information—Non-IFRS Financial Measures.*”

Other Data

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
(\$ millions, unless otherwise indicated)					
Revenue.....	2,072.5	2,142.4	2,289.2	1,113.4	1,179.9
Adjusted gross profit ⁽¹⁾	1,245.6	1,320.7	1,396.4	677.9	711.1
Adjusted gross profit margin ⁽²⁾	60.1%	61.6%	61.0%	60.9%	60.3%
Adjusted operating profit ⁽³⁾	403.7	431.8	485.3	222.8	251.8
EBITDA ⁽⁴⁾	432.0	496.7	573.2	268.6	299.4
Adjusted EBITDA ⁽⁴⁾	500.0	527.1	590.5	274.9	306.6
Adjusted free cash flow to equity ⁽⁵⁾	105.3	228.3	301.8	57.3	58.2
Adjusted operating cash conversion (%) ⁽⁶⁾ ...	59.5	83.7	93.4	61.9	59.5
Equity cash conversion (%) ⁽⁷⁾	41.0	83.3	96.6	41.2	35.4
Net debt ⁽⁸⁾	1,068.1	1,129.3	1,058.1	1,234.4	1,165.1
Leverage ⁽⁹⁾	2.1x	2.1x	1.8x	2.3x	1.9x
Dividend per share (cents).....	6.047¢	6.229¢	6.416¢	1.822¢	1.877¢
Constant currency revenue growth (%)⁽¹⁰⁾					
Advanced Wound Care	12.7%	11.6%	7.4%	6.7%	4.5% ⁽¹⁵⁾
Ostomy Care.....	2.8%	4.2%	5.6%	4.9%	5.3%
Continence Care	2.6%	7.4%	9.8%	9.9%	7.0%
Infusion Care.....	10.2%	8.7%	11.2%	7.3%	14.1%
Organic revenue growth (%)⁽¹¹⁾					

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
Advanced Wound Care	6.8%	9.5%	7.4%	6.7%	4.3% ⁽¹⁶⁾
Ostomy Care.....	3.4%	4.2%	5.3%	4.9%	4.7%
Continence Care	3.6%	6.5%	8.3%	8.2%	6.7%
Infusion Care	9.8%	8.7%	11.2%	7.3%	14.1%
Key Performance Indicators⁽¹²⁾					
Organic revenue growth ⁽¹¹⁾	5.6%	7.2%	7.7%	6.6%	6.0% ⁽¹⁷⁾
Adjusted operating profit margin ⁽¹³⁾	19.5%	20.2%	21.2%	20.0%	21.3%
Adjusted diluted EPS growth ⁽¹⁴⁾	(3.1)%	6.1%	13.7%	(0.2)%	18.7%
Adjusted free cash flow to equity growth ⁽¹⁵⁾	n/a	116.8%	32.2%	490.7%	1.6%

(1) Adjusted gross profit is a Non-IFRS Measure. See “Presentation of Financial and Other Information—Non-IFRS Financial Measures”.

(2) The Group defines Adjusted gross profit margin as Adjusted gross profit divided by revenue.

(3) Adjusted operating profit is a Non-IFRS Measure. See “Presentation of Financial and Other Information—Non-IFRS Financial Measures”.

(4) EBITDA is earnings before interest, tax, depreciation and amortisation. Adjusted EBITDA is reconciled from net profit and adds back income tax, non-operating (income)/expense, fair value movement of contingent consideration, finance expense, net amortisation, depreciation, impairment of assets, share based payments, acquisition-related costs, divestiture-related costs, termination benefits and related costs and other adjusting items. EBITDA and Adjusted EBITDA are Non-IFRS Measures. The Group views Adjusted EBITDA as a useful measure because it provides a meaningful supplement to the reported IFRS Accounting Standards numbers to explain how the business is managed and measured on a day-to-day basis. See “Presentation of Financial and Other Information—Non-IFRS Financial Measures.”

(5) Adjusted free cash flow to equity is defined as cash generated from operations adjusted for the effects of certain cash items that management believes are not related to the underlying performance of the Group and net of additions to property, plant and equipment and intangible assets and tax paid. The following table presents the reconciliation of adjusted operating cash flow, adjusted free cash flow to capital and adjusted free cash flow to equity. For the six months ended 30 June 2025, the calculation of Adjusted free cash flow has been redefined and no longer adds back non-cash items such as net foreign exchange gains or losses on cash and borrowings and the amortisation of financing fees. The calculation of Adjusted free cash flow in the comparative periods has not been restated on the basis that the balances are not material.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	(\$ millions)				
Net cash generated from operations.....	384.5	490.6	575.5	188.5	218.8
Less: Acquisitions of PP&E and intangible assets.....	(144.2)	(129.2)	(122.1)	(50.6)	(68.9)
Adjusted operating cash flow.....	240.3	361.4	453.4	137.9	149.9
Tax paid	(52.9)	(35.9)	(52.1)	(24.4)	(24.8)
Adjusted free cash flow to capital.....	187.4	325.5	401.3	113.5	125.1
Net interest paid	(49.9)	(65.6)	(79.1)	(42.5)	(37.1)
Payment of lease liabilities	(20.7)	(22.7)	(24.7)	(12.1)	(12.2)
Financing fee amortisation.....	(6.6)	(2.8)	(3.0)	(1.6)	-

Foreign exchange gain/(loss) on cash and borrowings	(4.9)	(6.7)	4.6	(0.3)	-
Realised loss on settlement of FX derivatives relating to financing ...	nil	nil	nil	nil	(17.6)
Proceeds from sale of PP&E	-	0.6	2.7	0.3	-
Adjusted free cash flow to equity	<u>105.3</u>	<u>228.3</u>	<u>301.8</u>	<u>57.3</u>	<u>58.2</u>

- (6) Adjusted operating cash conversion is calculated as adjusted operating cash flow divided by adjusted operating profit.
- (7) Equity cash conversion is calculated as adjusted free cash flow to equity divided by adjusted net profit.
- (8) The Group defines net debt as the carrying value of current and non-current borrowings net of cash and cash equivalents and excluding leases.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	(\$ millions)				
Total borrowings plus lease liabilities ...	1,300.2	1,312.4	1,201.6	1,411.9	1,339.9
Less: cash and cash equivalents	(143.8)	(97.6)	(64.7)	(96.9)	(95.7)
Less: lease liabilities.....	(88.3)	(85.5)	(78.8)	(80.6)	(79.1)
Net debt (excluding lease liabilities)...	<u>1,068.1</u>	<u>1,129.3</u>	<u>1,058.1</u>	<u>1,234.4</u>	<u>1,165.1</u>

- (9) The leverage ratio is calculated as net debt excluding leases divided by Adjusted EBITDA.
- (10) Constant currency information is calculated by applying the applicable prior period average exchange rates to the Group's actual performance in the respective period. For a description of how the Group calculates constant currency, see "*Presentation of Financial and Other Information—Constant Currency and Organic Revenue Growth*."
- (11) Organic revenue growth is calculated by applying the applicable prior period average exchange rates to the Group's actual performance in the respective period under review, excluding the impact of acquired and disposed/discontinued businesses. For a description of how the Group calculates organic growth, see "*Presentation of Financial and Other Information—Constant Currency and Organic Revenue Growth*".
- (12) The Group monitors several KPIs to track the financial and operating performance of its business. These measures are derived from the Group's internal financial systems. Because some of these measures are not determined in accordance with generally accepted accounting principles, including IFRS Accounting Standards, and are thus susceptible to varying calculations, they may not be comparable with other similarly titled measures of performance of other companies. See "*Presentation of Financial and Other Information—Non-IFRS Financial Measures*."
- (13) The Group defines Adjusted operating profit margin as Adjusted operating profit divided by revenue.
- (14) Adjusted diluted EPS is calculated as adjusted diluted EPS for the current period less adjusted diluted EPS for the prior year, divided by the prior year adjusted diluted EPS. The following table presents the reconciliation of reported basic and diluted earnings per share to adjusted EPS.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	(\$ million unless indicated otherwise)				
Net profit attributable to the shareholders of the Group.....	62.9	130.3	190.5	78.6	104.8
Amortisation of acquired intangibles	102.1	103.6	102.7	50.7	50.9
Acquisition-related costs	58.5	31.5	6.4	5.6	4.6
Divestiture-related costs/ (income)	46.1	(1.4)	(1.3)	(0.4)	1.5
Termination benefits and related costs	5.9	7.5	4.8	1.1	0.7
Other adjusting items ⁽¹⁾	1.4	10.1	12.2	3.5	2.1
Other discrete tax items ⁽²⁾	(20.1)	(7.5)	(2.9)	-	-
Total adjustments including tax effect.....	193.9	143.8	121.9	60.5	59.8
Adjusted net profit attributable to the shareholders of the Group.....	256.8	274.1	312.4	139.1	164.6
Basic weighted average ordinary shares in issue.....	2,024	2,039	2,048	2,048	2,044
Diluted weighted average ordinary shares in issue.....	2,040	2,053	2,057	2,056	2,052
Basic EPS (cents)	3.1¢	6.4¢	9.3¢	3.8¢	5.1¢
Diluted EPS (cents)	3.1¢	6.3¢	9.3¢	3.8¢	5.1¢
Adjusted basic EPS (cents)	12.7¢	13.4¢	15.3¢	6.8¢	8.1¢
Adjusted diluted EPS (cents)	12.6¢	13.4¢	15.2¢	6.8¢	8.0¢

- (1) Other adjusting items include items that do not fall within the above categories but qualify as adjusting items in line with the Group's policy. Whilst non-exhaustive, examples of other adjusting items could include significant historic legal claims outside the normal course of business or one-time initiatives which are part of the Group's strategy to improve productivity in the business and optimise cash flows. The Board considers each item individually to determine whether its size and nature warrants separate disclosure. Qualifying costs are limited to directly attributable costs of the initiatives and any realignment costs. Due to the nature of the initiatives, these adjusted costs may span more than one year.

In 2023, other adjusting items consisted of costs associated with the closure of the EuroTec factory in the Netherlands and a restructuring of activities in Switzerland, in addition to the Group's office footprint optimisation programme. Costs largely consisted of legal and professional fees, the impairment of right-of-use assets and PPE, and charges related to certain office closures. In 2024, other adjusting items largely consisted of the impairment of right-of-use assets and PPE, inventory write-offs and charges wholly related to the Group's office footprint optimisation programme. In the first half of 2024, other adjusting items consisted of legal and professional fees associated with one off fundamental transformation projects and charges related to the office footprint optimisation programme whereas in the first half of 2025, other adjusting items largely consisted of the recognition of a liability in respect of a historic legal claim.

- (2) For the year ended 31 December 2024, other discrete tax items related to a tax benefit of \$2.9 million resulting from the release of a tax liability relating to restructuring activities in Switzerland. For the year ended 31 December 2023, other discrete tax items of \$7.5 million related to the tax benefit of \$15.1 million resulting from a provision release following the successful resolution of an uncertain tax position, partially offset by tax expenses of \$7.6 million in respect of a restructuring of activities in Switzerland, and for the year ended 31 December 2022, other discrete tax items of \$20.1 million related to the tax benefit from the recognition of deferred tax assets following the acquisition of Triad Life Sciences. For further

details on deferred taxation, see Note 6 – Income taxes in the 2024 Consolidated Financial Statements.

- (15) Adjusted free cash flow to equity growth is defined as year over year growth of adjusted free cash flow to equity. See note 5 above for a description of how the Group calculates adjusted free cash flow to equity.
- (16) Excludes InnovaMatrix. For additional discussion regarding InnovaMatrix, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operation—Advanced Wound Care*” and “*Business Description—Local Coverage Determinations impacting InnovaMatrix.*”
- (17) Includes InnovaMatrix. The organic revenue growth of the Group’s revenue excluding InnovaMatrix for the six months ended 30 June 2025 compared to the Group’s revenue excluding InnovaMatrix for the six months ended 30 June 2024 was 6.8%. For additional discussion regarding InnovaMatrix, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operation—Advanced Wound Care*” and “*Business Description—Local Coverage Determinations impacting InnovaMatrix.*”

RISK FACTORS

An investment in the Notes involves a high degree of risk and is suitable only for investors who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the risks described below and other information in this Offering Memorandum and their personal circumstances. The occurrence of any of the following events could have an adverse effect, which could be material, on the Group's business, prospects, results of operations and financial condition and impair the Group's ability to fulfil its obligations in respect of the Notes, potentially causing a loss of all or part of the investment made when purchasing the Notes.

The risk factors described below are not an exhaustive list or explanation of all relevant risks and should be used as guidance only. Additional risks and uncertainties that are not currently known to the Group, or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, prospects, results of operations and financial condition.

This Offering Memorandum contains "forward-looking" statements that are based on assumptions and estimates, and subject to risks and uncertainties. The Group's actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include those discussed below and elsewhere in this Offering Memorandum. See "Cautionary Note Regarding Forward-Looking Statements."

RISKS RELATING TO THE GROUP'S BUSINESS AND INDUSTRY

Operational Risks

The Group's business relies on access to and the reliability and security of its supply chain.

The Group is reliant on supply chain partners predominantly in North America and Europe but also from across the world. The integrity of the Group's supply chain depends on access to and the reliability of raw material supply and the storage, logistics, processing and manufacturing infrastructure operated by the Group and third parties. Any break in the Group's supply chain, for example as a result of unplanned outages at the Group's facilities or facilities being damaged by natural disasters or severe weather conditions or closed or limited in capacity as a consequence of external measures or factors such as tariffs and inflation, could jeopardise supply to customers and impact the Group's earnings. In addition, certain agreements with certain of the Group's suppliers include customary force majeure clauses, pursuant to which no party shall be liable for any failure or delay in performing obligations under such agreements due to events beyond its control. If such event continues for an extended period of time, the counterparty might be entitled to terminate the relevant agreement. The Group currently owns a variety of manufacturing assets in the United Kingdom, Europe and Latin America and any long-term outages associated with one or more of such assets could materially adversely impact its results of operations and financial condition and product portfolio diversification.

The Group depends on third-party suppliers and outsourcing contracts, including business-critical information technology services, and thus cannot guarantee the security of its supply chains. Terrorist activity, including acts and threats to shipping channels or sabotage or cyber-attacks on manufacturing plants and distribution networks in a geographical location in which the Group has an interest could also have a commercial impact on the Group. Such events could affect security of the Group's supply chain or cause a break in the supply of products to customers. There can be no guarantee that suppliers will be able to provide the functions and services for which they have been contracted or to adhere to the Group's code of conduct, environmental, social and corporate governance commitments and other policies. Any failure to supply products to customers could have a material adverse impact on the Group's reputation, business, results of operations and overall financial condition.

The Group's financial performance, cash flows and price competitiveness are sensitive to its ability to manage exposure to supply chain prices, including volatile wholesale commodity prices for natural gas, crude oil and power. Supply chain prices fluctuate based on various factors outside of the Group's control, most notably forecasts for supply and demand in local and global markets as well as operational and technological, political, social and economic factors, and actions by major oil-producing countries. In order to support its core business activities, the Group must purchase significant quantities of commodities, raw materials and third-party services, including logistics for distribution and transportation. Although the Group seeks to enter into long-term contracts to protect its commercial position, significant price fluctuations and/or the failure to secure key materials and services, and/or maintain adequate supply chains and strategic alliances could have a significant adverse effect on the Group's operations and financial position.

The Group depends upon a number of single source suppliers.

The Group relies on suppliers for the raw materials and components used in certain of its products. Wherever possible, the Group attempts to source materials from multiple suppliers; however, some key components and raw materials are from single sources, for which no alternate supplier may be available or has been identified. One or more of the Group suppliers may be unable to supply, or decide to cease supplying the Group with raw materials and components for reasons beyond the Group's control, or they may increase prices significantly. Alternative suppliers may be difficult to identify, may require internal and regulatory pre-approval and in any event, may take a significant period of time to begin supplying the Group.

In addition, the Group's own core manufacturing capabilities are supported by third-party contract manufacturers that manufacture some of its products and subcomponents of its products. If the Group encounters a cessation, interruption or delay in the supply of products purchased from third-party manufacturers, or such products are not of sufficient quality, it may be unable to obtain such products through other sources on acceptable terms, within a reasonable amount of time or at all. In addition, the Group can undertake quality inspections and audits of the production processes of third-party manufacturers, but these initiatives may be inadequate or incapable of detecting all actual or potential issues. If the Group's agreements with certain manufacturing companies are terminated, it may not be able to find suitable replacements within a reasonable amount of time or at all and such process may be delayed or significantly limited by the need for necessary regulatory approvals due to stringent medical device manufacturing quality standards. In addition, the flow of goods between countries may be impacted by the restrictions imposed on cross-border trade, including as a result of trade protection laws, tariffs, excise or other border taxes on goods sourced from certain countries or on the importation or exportation of products or raw materials.

Any cessation, interruption or delay affecting the Group's supply chain, including any delay in or termination of its agreements or relationships with suppliers of the various products and services that the Group relies upon, may impair the Group's ability to manufacture products within its budget, meet scheduled deliveries of its products to its customers and/or cause the Group's customers to cancel orders. Any of these outcomes could materially adversely affect the Group's reputation, business, results of operations and financial condition.

The Group's operations are subject to environmental, health and safety laws and regulations, and numerous permit requirements and licensing regimes.

The principal areas of environmental, health and safety ("EHS") risk associated with the Group's operations include asset integrity, major process safety and other incidents that could result in fatalities or injury to employees, contractors and members of the public, loss of containment, significant environmental damage, compliance breach, personal health and safety lapses, rapid and deadly spread of infectious disease (e.g., pandemic), crime and sabotage, internal security related attacks, activism, cyber-attacks and the failure of climate-change adaptation.

The Group's operations are subject to national and local environmental laws, regulations and other requirements in the geographical locations in which the Group operates, including regulations governing the generation, use, manufacture, handling, transport, storage, treatment and disposal of, or exposure to, hazardous materials, discharges to air and water, clean-up of contamination and occupational health and safety matters. Compliance with these regulations is very costly, and changes to compliance requirements and consequential costs could significantly impact the cost of managing the Group's operational assets and may make it uneconomical to continue operations at certain locations. Significant EHS events, precautionary closures, suspension of activities, or breach of applicable EHS regulations could result in injury or loss of life, damage to the environment particularly in environmentally sensitive regions, damage to or the destruction of operational assets and other property. This could result in regulatory action including a loss of licence, exclusion from national healthcare tenders, legal liability, criminal penalties, remedial (including clean-up) and compensation costs, damage to the Group's reputation and disruption to business activities. Furthermore, there could be an increase in the Group's costs (including those covering clean-up, recovery and reinstatement), a shutdown of the Group's operations and a loss of its investments in affected areas which could have a materially adverse effect on the Group's business, results of operations and overall financial condition. In certain circumstances, liability could be imposed without regard to the Group's fault in the matter, including in relation to historical activities or circumstances.

The Group also requires authorisations from various national and local government agencies to conduct its business. Obtaining necessary consents, permits, licences, authorisations and certifications can be a complex, time-consuming process, and the Group cannot guarantee that it will be able to obtain all such authorisations required for the operation of its various businesses in a timely manner or at all. Failure to obtain, renew or maintain such required authorisations or any disputes in connection with previously obtained authorisations could result in the suspension or termination of the Group's operations or the imposition of material fines, penalties, liabilities and other costs and expenses that could have a material adverse effect on the Group's financial condition, results of operations and cash flows. In addition, the Group's counterparties may require that the Group maintains certain

quality and safety certifications, or meets certain quality and safety targets, during the term of a contract. Failure on the Group's part to obtain and maintain these certifications or meet these targets may result in the early termination of the respective contract or in the Group's failure to be considered for future contracts, either of which could have a material adverse effect on the Group's financial condition, results of operations and cash flows. In addition, under some environmental laws and regulations, the Group could also be held responsible for costs relating to any contamination at past or present facilities and at third-party waste disposal sites where the Group has sent waste in the past. These could include costs relating to contamination that did not result from any violation of law; and, in some circumstances, contamination that the Group did not cause. Any such expenses or liability could have a material adverse impact on the Group's financial condition and results of operations.

The use of third parties in the Group's operations may increase risks that could lead to EHS issues and decisions that adversely affect production. Responsibility for the safe operation of third-party facilities remains with the operator; however, this may result in such operators not implementing or applying relevant EHS standards that the Group might expect in its own assets.

The enactment of stricter environmental or health and safety laws or regulations and/or the stricter interpretation of existing laws and regulations may require the Group to make additional expenditures. The Group may also face delays in implementing measures or in complying fully, which could materially adversely affect the Group's business, results of operations and financial condition.

The Group's manufacturing process is exposed to natural or man-made disaster impacts.

Significant portions of the Group's products are produced in a limited number of manufacturing facilities and the Group's end products are held predominately within a distribution centre network. In the event that any of these facilities are severely damaged or destroyed, including as a result of a natural or man-made disaster (e.g., fire), the Group would be forced to shift production and distribution to other facilities and/or rely on third-party manufacturers. The Group does not have redundancy or sufficient excess capacity for all of its products at its manufacturing sites, either in terms of space or equipment, to seamlessly transition the manufacturing of products to a different manufacturing facility in the event of failure or unavailability of one of the Group's or a third-party's facilities. This could take a considerable period of time and expense, which could result in loss of sales, back orders, penalties, damage to the Group's reputation and the loss of customers to the Group's competitors. Such events could have a material adverse effect on the Group's business, financial condition and results of operation.

The Group is also potentially exposed to material impacts from future pandemics. A pandemic and the various national and international measures that may seek to contain it are likely to create significant volatility, uncertainty and economic disruption. The full impact of a pandemic on the Group's business, results of operations and financial condition is uncertain and will depend on future developments, which cannot be predicted. These future developments include, but are not limited to, the duration, spread, severity and impact of the pandemic, the possibility and/or impact of additional waves or variants of infections in the countries where the Group operates or from where supplies are obtained (whether from the Group's manufacturing operations or from third parties), the timing and availability of vaccinations and other treatments to combat the pandemic, the effects of the pandemic on the Group's customers, suppliers, logistics providers and other third-party partners, the actions taken by local governments to restrict the spread of the disease, the impact on the economic environment in the regions in which the group operates, changes to competitor pricing behavior and/or cost containment measures, global responses and lockdowns resulting in delays to clinical trials and future product launches and the extent to which normal economic and operating conditions can resume.

The Group's business is subject to operational risks for which it may not be adequately insured.

The Group is exposed to a variety of risks that could lead to the interruption of its business operations or otherwise subject the Group to significant losses, including, but not limited to, accidents, natural disasters, product liability, environmental damage and other events. The Group maintains insurance policies, such as for general liability, public, product, property, workers' compensation and employer's liability, procurement, cargo, and crime, which cover risks that may arise through the course of normal business operations. The Group also maintains various other insurance policies to cover a number of other risks related to its business, such as director and officer coverage, employment practices, and fiduciary liability coverage.

There can be no assurance that the Group's insurance policies will be adequate to cover all material risks that the Group faces or that the Group will be able to maintain its current insurance coverage or to do so at similar premiums. Some risks are not possible to cover and, in certain situations, insurance may not be available or may be available at costs that management does not consider to be commercially reasonable. In addition, the Group's insurance premiums for certain risk coverage, including property damage and business interruption, may experience significant increases in the future as a result of the Group's asset portfolio, claims history or insurance market conditions.

If one or more events occur for which the Group is uncompensated or under-compensated by insurance, the resulting costs could, alone or in combination, have a material adverse effect on the Group's business, financial condition and results of operations.

Initiatives to address climate change may affect the Group's operations.

Continued and increased attention to climate change, including activities by non-governmental and political organisations as well as more interest by investors and the broader public, is likely to lead to additional regulation designed to tackle climate change. Policies and initiatives at national and international levels to address climate change, such as worldwide policy and regulatory actions aiming to reduce greenhouse gas, plastics and water abstraction, may affect business conditions and demand for manufacturing and product change in the medium to long term. Manufacturing businesses have also seen regulators impose significant obligations to implement carbon reduction measures. The Group's manufacturing plants and its third-party service providers are energy consumers and the Group's raw material supply chain and finished products contain plastics. Thus, policies that promote the use of "green" manufacturing and supply chains could adversely impact the Group's ability to maintain its existing manufacturing assets and products and the Group may have to expend additional costs (which it may not be able to pass through to customers), delay projects or reduce production in order to adhere to such policies.

Climate-change induced changes to the environment, such as the increased frequency of extreme weather, may pose operational challenges, while measures to tackle the loss of biodiversity and policies intended to protect local habitats may also limit access to raw materials and commodities in areas deemed to be biologically sensitive, which in turn could impair the Group's access to resources. In addition, customer response to climate change could also drive demand for low-carbon and low-plastic products, which could in turn affect the Group's sales volumes.

The realisation of any of the above risks, or any damage to the environment caused by the Group's business activities, could result in legal proceedings or other measures being taken against the Group as well as materially adversely impact the Group's reputation, business or financial condition.

Failure to attract or retain the Group's key senior management, technical experts or other key capabilities could adversely affect the Group.

The success of the Group's business is dependent on the capability, capacity and reputation of members of its senior management teams, specifically those in critical roles and certain customer-facing employees, as well as technical experts focused on the development of new products and technologies. Additionally, the Group must continue to attract, develop, retain and implement appropriate succession plans for senior management, technical experts and other qualified personnel in the markets in which the Group operates. This is especially relevant in the highly competitive markets in which the Group currently operates or plans to operate. Changes to the Group's structure and business model, including entry into new and emerging markets, could make attracting, retaining and motivating employees with the right capabilities in key roles across the business more challenging. The loss of, or a delay in replacing, a number of the Group's senior management, technical experts, qualified personnel or customer-facing employees, or the failure to attract and retain highly skilled and qualified personnel across all levels of the organisation or to continue to successfully expand, train, manage and motivate the Group's employee base, could have a material adverse effect on the Group's business, financial condition and results of operations. The Group does not maintain key man insurance with respect to any members of its senior management or other employees.

Labour disputes could have an adverse impact on the Group's business.

The Group and some of the third parties it relies upon have areas of unionised workforce within the manufacturing base. Labour disputes or unrest, such as strikes, walkouts, claims or other labour disturbances, may cause disruptions for the Group or such third parties. A significant strike or other labour dispute triggered by changes to employment terms and conditions, landmark court decisions, changes to pensions, and as a response to a wider climate of trade union unrest, could impact the Group's ability to provide manufacturing operations and products in one or more of its key markets and could impact customer supply. Any such disruption to the Group's business could negatively impact its reputation and may result in the loss of revenue. The Group has not taken out any insurance to cover losses due to business disruptions caused by labour issues. Consequently, the Group's reputation, financial position and operating results may be adversely affected by labour unrest.

Failure to comply with privacy and data protection laws and regulations could adversely affect the Group.

In the course of its business, the Group collects and processes information from customers, patients and employees as well as sensitive information, such as proprietary and confidential business data, trade secrets, and intellectual property. The Group's data processing activities may subject it to numerous data protection and privacy obligations in the various jurisdictions in which the Group operates, such as various laws, regulations, guidance, industry standards, external and internal privacy and security policies, contracts, and other obligations that govern the

processing of information. Such regulations can relate to, among other things, the secure storage, use and disposal of personal data and the secure transmission of confidential information to ensure the security of financial and personal data passing over public networks. Obligations related to data privacy and security are quickly changing, becoming increasingly stringent, and creating uncertainty. Additionally, these obligations may be subject to differing applications and interpretations, which may be inconsistent or conflict among jurisdictions. For example, UK, EU and U.S. data privacy and cybersecurity requirements and amendments to such requirements, together with any regulatory changes, could increase the requirements for data processing, including around public notification of incidents and also the ability of the regulator to impose associated fines or penalties for non-compliance. The loss, corruption or improper disclosure or processing of personal data or confidential information as a result of an information security breach, whether accidental or due to unauthorised attempts to penetrate the network security of the Group, could subject the Group to claims from customers, patients and employees and lead to significant notification and mitigation expenses, reduce the value of the Group's proprietary information, as well as result in reputational damage and legal or regulatory action.

Moreover, despite our efforts, our personnel or third parties with whom we work may fail to comply with such data privacy and security obligations, which could negatively impact our business operations. If we or the third parties with whom we work fail, or are perceived to have failed, to address or comply with applicable data privacy and security obligations, we could face significant consequences, including but not limited to: government enforcement actions (e.g. investigations, fines, penalties, audits, inspections, and similar); litigation (including class-action claims and mass arbitration claims); indemnification obligations; negative publicity; reputational harm; diversion of management's attention; additional reporting requirements and/or oversight; bans on processing personal data; and orders to destroy or not use personal data. In particular, plaintiffs have become more active in bringing privacy-related claims against companies, including class claims and mass arbitration demands.

There can be no guarantee that the Group's security measures will be sufficient to prevent all possible network breaches or improper disclosure of personal data or confidential information. Concerns about the Group's ability to secure data, or to take a compliant approach to AI wherever it operates, could also damage the Group's reputation and, in particular, endanger the commercial success of the Group's me+ programme, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group relies on the performance and security of its information technology systems.

The Group's operations rely on sensitive and highly complex information technology systems and networks, including systems and networks provided by and interconnected with those of third-party providers. The Group's businesses could be compromised by an incident arising from the accidental or deliberate exposure of sensitive data or intellectual property, inadvertent or deliberate changes to data, interruptions to WiFi-enabled manufacturing assets, and changes in asset control systems, or a breakdown of critical information infrastructure and networks.

Due to the continual advancement of technology, computing capabilities and other developments including increasing digitisation of information and global reach, the use of social media and the continually evolving external cyber threat landscape, the Group may be subject to malicious and unauthorised attempts to penetrate its network security and misappropriate confidential information or materially compromise the security of its assets. The Group is also vulnerable to the potential viral effect of employees, consumers or "hacktivist" groups using social media channels that could expose the Group to legal liabilities, damage the Group's reputation or the disclosure of confidential information. There can be no guarantee that the Group's security measures will be sufficient to prevent all possible breaches or that any response, recovery or contingency plan will be sufficient and effective in all possible scenarios. In addition, the Group relies on third-party hardware, software and service providers, which are not fully under the Group's control.

Any internal control processes, or further enhancements that are established in the future, may take time to implement and may involve significant costs and management resources. If the Group's internal control processes are ineffective, the Group does not make the correct technology choices or investments or if the Group's choices or investments are insufficiently prompt or cost-effective, it could materially adversely affect the integrity and performance of the information technology systems. The Group may also suffer cyber-security incidents as a result of increased vulnerability while a larger proportion of the Group's employees work remotely.

Failure to protect critical and sensitive systems and information adequately may result in compromises to intellectual property and trade secrets, unauthorised disclosure of confidential, share-price sensitive and proprietary data, loss of commercial or strategic advantage, damage to the Group's reputation and business, operational disruption, litigation or regulatory sanction and fines and increased regulatory scrutiny, which could all materially and adversely affect the Group's business, results of operations and overall financial condition.

Information security breaches and information technology system failures, including in the Group's manufacturing processes, could also cause system outages or reduced output that could cause significant financial and operational

loss, for example by preventing the Group from serving customers, communicating with third parties, maintaining facilities, generating and purchasing raw materials, collecting and tracking revenues, or processing and reporting information. Such an incident could have a material effect on the Group's business, results of operations and overall financial condition.

Strategic Risks

Failure to develop and market new products or expand into new geographic markets could adversely affect the Group.

New products, extensions of existing product lines and expansion into new markets represent a significant component of the Group's strategy for both the maintenance of the Group's current market position and continued growth. The Group's focus is to launch targeted new products to satisfy customer needs and refresh its existing product lines to shape the future of the product portfolio over the short to mid-term in-line with strategic objectives. The Group may experience delays or significant costs in developing or receiving approvals or clearances for new products or entering new markets, and the Group's competitors may gain a competitive advantage if they are able to develop and release new products and enter new markets ahead of the Group.

Technology and innovation are essential to the Group to meet customer demands in a competitive way. If the Group does not develop the right technology, does not have access to it or does not deploy it effectively, the delivery of its strategy may be adversely affected. In addition, any unknown or unforeseeable adverse safety and environmental impacts related to the technology used by the Group could harm the Group's reputation, licence to operate such technology or expose the Group to litigation or sanctions.

Research and development efforts may require a substantial investment of time and resources before determination as to the commercial or technical viability of a new product, material or other innovation, but there can be no assurance that these efforts will be successful or that any new products will become commercially viable.

The process of obtaining regulatory clearances and approvals to market a new medical device, or a significant modification to an existing device, or to launch an existing product in a new market, can be costly and time consuming for the Group and approvals and clearances might not be granted for future products on a timely basis, if at all. The Group may be required to conduct or sponsor clinical trials or third-party assessments by governmental or other regulatory authorities, or may do so voluntarily in order to qualify for favourable regulatory categorisation. Failure to comply with relevant regulations and directives in the country where a clinical trial is being conducted, including, but not limited to, failure to obtain adequate informed consent of subjects, failure to adequately disclose financial or other conflicts of interest or failure to report data or adverse events accurately, could result in fines, penalties, suspension of trials and the inability to use the data to support the marketing authorisation process and subsequent reimbursement filings.

In addition, if the Group's competitors' new products reach the market before the Group's products, those competitors may gain a competitive advantage. The ultimate success of the Group's product development and patient outreach efforts will depend on many factors, including, but not limited to, the Group's ability to create innovative designs and materials, provide innovative medical solutions and techniques for the Group's customers, accurately anticipate and meet customers' needs, commercialise new products in a timely manner and manufacture and deliver products in sufficient volumes on time.

Even if the Group is able to develop new products or innovations for existing products, these developments may not produce revenue in excess of the costs of development, or may cannibalise sales of the Group's higher-margin existing products. In addition, new products may be quickly rendered obsolete as a result of changing customer preferences, the introduction by the Group's competitors of products embodying new technologies or features, or advances in preventative or restorative medical solutions.

If the Group fails to manage these risks effectively, its business, results of operations, financial condition and prospects may be materially adversely affected.

The Group is dependent on its intellectual property or may become subject to intellectual property claims.

The Group relies on a combination of patents, trade secrets, copyrights, trademarks, licence agreements and contractual provisions to establish and protect the intellectual property rights of its products and the processes for the development, manufacture and marketing of the Group's products. In addition, the Group has patent applications pending with respect to other components and products, and the Group also applies for additional patents in the ordinary course of business. These precautions, however, offer only limited protection, and would not, for example, protect against the Group's proprietary information becoming known to, or being independently developed by, competitors. The Group cannot be sure that existing or future patents, if any, will afford adequate protection or any competitive advantage, that any future or pending patent applications will result in issued patents

or that the Group's patents will not be circumvented, invalidated or declared unenforceable. Additionally, the Group's proprietary rights in intellectual property may be challenged and the Group may face claims that it has violated the intellectual property rights of third parties.

The Group also uses non-patented, proprietary know-how, trade secrets, processes and other proprietary information and currently employs various methods to protect this proprietary information, including confidentiality agreements, invention assignment agreements and proprietary information agreements with vendors, employees, independent sales agents, distributors, consultants, and others. These agreements, however, may be breached. Governmental agencies or other national or state regulatory bodies may require the disclosure of such information in order for the Group to have the right to market a product. An agency or regulator may also disclose such information on its own initiative if it should decide that such information is not confidential business or trade secret information. Trade secrets, know-how and other unpatented proprietary technology may also otherwise become known to or independently developed by the Group's competitors.

The Group's key areas of business are litigious with respect to the enforcement of patents and other intellectual property rights. In some cases, intellectual property litigation may be used to gain a competitive advantage. The Group has in the ordinary course of business been, and in the future may be, a party to lawsuits involving patents or other intellectual property and it may incur significant costs in prosecuting and defending such actions with no assurance that such an action will be resolved in its favour. If disputes are resolved against the Group, it may be subject to significant damages and/or royalty payments, and the testing, manufacture or sale of one or more of the Group's technologies or products may be restricted, or the Group's competitors could introduce products replicating the design and/or features of the Group's own products.

The laws of some of the countries in which the Group's products are or may be sold may not protect the Group's products and intellectual property to the same extent as other countries such as the United States or in Europe, if at all. The Group may also be unable to protect its rights in trade secrets, trademarks and unpatented proprietary technology in certain countries.

In addition, the Group holds patent, trademark and other intellectual property licences from third parties for a limited number of its products and on technologies that are necessary in the design and manufacture of some of its products. The loss of such licences could prevent the Group from manufacturing, marketing and selling these products.

If any of these risks were to materialise, the Group's business, results of operations, financial condition and prospects could be materially adversely affected.

The Group operates in a highly competitive business environment.

The Group operates in highly competitive markets for the supply of medical devices to national healthcare systems, business and direct customers. Customer behaviour and demand can change due to improved medical advancements, government initiatives, technology, climate change and general economic outlook. To retain or develop a competitive position, market participants price aggressively in order to build segment share and customers may switch suppliers based on price, product and service levels, as well as competitor activity. In addition, new market entrants continue to enter and grow their share of the market, further increasing competition.

The Group may not be able to offer products that are better, or more effective, than those of the Group's competitors or at a price comparable to that of the Group's competitors. Existing or new competitors could introduce innovative new technologies that may be preferred by the Group's customers (primarily comprising hospitals, physicians and other healthcare providers) and patients, which could have a direct impact on the Group's businesses, either through segment share losses or by increasing pricing pressure, which is a permanent feature of the industry. Manufacturers of generic products that have similar functionality to the Group's products could seek to more aggressively target the Group's customers and patients at a lower price point. The Group's existing competition, or new entrants into the markets in which it operates, could also decide to more aggressively compete on price, requiring the Group and others in the industry to reduce prices in an effort to maintain segment share. In addition, if the Group's competitors consolidate, they may be able to take advantage of increased bargaining power and economies of scale, which could increase pricing pressure on the Group. Any of the developments above would impact profitability and potentially the attractiveness of the Group's products and/or market segments.

The rise of artificial intelligence ("AI"), data use and the associated regulatory landscape is changing the way businesses operate and the way in which the Group is able to meet future customer needs. The outcome of this technology and evolving regulation is currently uncertain and difficult to predict. The Group's ability to successfully utilise AI, including generative AI, aligned with the needs of the business and customers, relies on the Group's strategy to invest and deploy AI technologies, systems and workforce capability and capacity, ensuring that this is carried out responsibly and ethically to maintain stakeholder trust and regulatory compliance. In addition, failing to harness AI to drive efficiencies and generate value could make the Group less competitive.

In addition to the Group's direct competitors who make products similar to the Group's, many of the Group's advanced products compete with more traditional products for the same conditions. If the shift from conventional to advanced products were to slow, the Group may face greater competition from manufacturers which do not directly compete with the Group but which make alternatives to the Group's products.

The Group also operates in the competitive home services market in both the United Kingdom and North America. Competition in these markets is increasing as existing providers seek to strengthen their positions and diversify their product offerings. Failure to sustain competitive revenue and service levels, or to sufficiently differentiate the Group's products and service offering, could affect segment share and challenge the Group's ability to deliver sustainable operating margins and attain its growth aspirations.

The Group also faces competition from certain of its distributors and other channel partners. In some cases, these channel partners have launched their own brands of products that compete directly with those of the Group. If this practice increases, or if the Group is otherwise not able to compete effectively with direct and indirect competitors as described above, the Group's business, results of operations and financial condition may be materially adversely affected.

There can be no certainty that the Group will retain or develop a competitive position within the markets in which it operates, which if not achieved, could have a material adverse effect on its business, results of operations and overall financial condition.

Loss of certain of the Group's key commercial relationships could adversely affect the Group.

Certain of the Group's categories rely on a limited number of key commercial relationships. The Group's ability to renew its existing contracts with customers or other contractual counterparties, or to enter into new contractual relationships, either on commercially attractive terms or at all, depends on a range of commercial and operational factors and events, including existing contractual protections and incentives for renewals, the ability of the parties to reach agreement as to pricing, quality or service levels, and the commercial decisions by such counterparties (who may choose to source products or components, in whole or in part, from other suppliers), any of which may be beyond the Group's control. In addition, a number of customers are national, regional or local health authorities subject to rigorous public procurement guidelines. The Group's results may also be materially impacted by the timing of purchasing or de-stocking decisions by its key customers. The Group's inability to maintain its existing contracts and agreements with distributors or payers in concentrated markets, or to enter into new contracts on commercially favourable terms, could lead to business interruption, reduced sales, lower margins or a loss of existing customers and difficulties in attracting customers, which could have a material adverse effect on the Group business, financial condition and results of operations.

The Group's business is subject to political intervention and regulatory oversight.

The Group is subject to oversight from a wide range of regulatory bodies, including the FDA in the United States; the European Medicines Agency ("EMA") in the EU; the Medicines and Healthcare Products Regulatory Agency ("MHRA"), the Competition and Markets Authority ("CMA") and the Financial Conduct Authority in the United Kingdom; and a number of other regulators in the markets, regions and countries where it operates. Any significant changes to the legal, regulatory and political framework of the Group's key markets, intervention or remedies could materially adversely impact the Group's business, operations and overall financial condition.

The Group is subject to various political and regulatory interventions and changes to corporate governance requirements from governments and regulatory bodies in the United Kingdom, Europe, North America, Asia Pacific and elsewhere, if there is relevant market jurisdiction. Objectives of these interventions vary, but include healthcare system reform, changing environmental regulations and disclosure requirements, including on ESG (environmental, social and governance) criteria, governance of industry operations, security of raw material supply, amendment to existing tax and disclosure regimes and fiscal terms, and protection of consumers and business customers.

Across the Group's markets, regulatory approaches vary by jurisdiction and regulator, with the Group's entry into new markets being assessed on a case-by-case basis. Any changes in regulations or legislation could increase the risk of non-compliance.

A worsening of the international political climate increases the possibility of sanctions or other trade limiting actions, including tariff regimes, that could impact the Group's ability to source commodities and raw materials, or maintain a presence in current and future markets and countries. Political and regulatory developments affecting the markets within which the Group operates are uncertain and may have a material adverse effect on the Group's business, results of operations and financial condition. The costs and risks of compliance with any new or revised regulations, or new or changed interpretations or enforcement of existing regulations, may have a material impact on the Group's business and financial position. Government intervention in markets, or changes in government

policy, may also affect the Group's ability to invest in the markets concerned. Additionally, any failure or perceived failure by the Group to comply with such developments or related requirements could result in substantial fines, loss or debarment of licence or legal proceedings and have a negative impact on the Group's brands, operations and reputation.

Geopolitical events could adversely affect the Group's business.

The Group's operations are exposed to the effects of geopolitical events, which may also exacerbate the adverse effects of other risks to its business.

The Group continues to face uncertainty as a result of geopolitical tensions, including, for example, the Russia-Ukraine war and conflict in the Middle East, and conflicts adversely impacting macroeconomic volatility through the interconnected nature of global economies and the potential for governments to impose additional sanctions or other economic or military measures. Further escalation in geopolitical tensions or inter-state conflict, including increased restrictions on global trade, could result in a decline in economic growth and stability, increased cyber-attack disruption, supply chain disruptions and increased costs, increased inflation, adverse foreign exchange rates, financial market hardening and a deterioration of our ability to operate, retain a presence and/or grow in key markets. Terrorism and/or civil unrest in one or more of our key markets or manufacturing locations may also adversely impact economic conditions, supply chains and business continuity.

As a result of such events, the Group may face increased pricing and reimbursement pressure and greater counterparty risks. The Group may also be adversely impacted by subsequent government actions, including the imposition of martial law, sanctions, trade restrictions, foreign ownership restrictions, financial market controls, taxes and tariffs, nationalisation or expropriation of property or other resources, or changes in legal, regulatory and corporate governance requirements.

Damage to corporate reputation or brand perception could affect the Group's competitive position.

The Group and its businesses are leading medical device brands, and its brand and reputation are important assets. The Group must actively manage an increasingly transparent corporate brand and reputation, including that of senior management and the executive officers, with a number of different stakeholders including customers, investors, opinion-formers, consumer and community representatives, employees, the media, governments and government agencies, political parties and regulatory and trade union bodies. Any failure to reflect latest requirements and follow the Group's global code of conduct, or the public perception that there has been such a failure or other real or perceived failures of governance, or legal or regulatory compliance could further undermine public trust in the Group, one or more of its businesses or its management, lead to increased regulatory intervention, harm the Group's reputation, damage one or more of its consumer brands and adversely affect its business, results of operations and overall financial condition.

The challenges of day-to-day costs of healthcare, increased political pressures and other economic challenges, have all increased the scrutiny on the Group's business environment. The increased use of social media also allows customers and consumer groups to engage, share views, and take part in direct action and other campaigns more readily than before. Any failure to retain the trust of the Group's customers and/or shareholders could lead to campaigns for corporate change through increased shareholder resolutions, and/or challenges in growing and retaining segment share. In addition, Home Services Group, as the Group's direct to consumer provider, may be subject to heightened scrutiny by the media, in particular regarding compliance with its customer service, regulatory obligations and pricing policies.

In addition, the Group holds various well-known product brands and uses service brands, such as Home Services Group in North America and Amcare in the United Kingdom. Any damage to corporate reputation or brand perception could have a material adverse effect on the Group's overall reputation, business, results of operations and overall financial condition.

The Group may fail to deliver its stated strategic objectives.

Delivery of the Group's strategy is fundamental to the Group's future success. There can be no assurance that the Group will be able to successfully execute some or all of its strategic objectives or achieve its stated financial targets.

To achieve growth in certain areas, most notably in global emerging markets, the Group may need to enter new markets or develop commercial offerings that have not generated significant profits or cash flow in the past. There can be no assurance that the Group will be able to develop any new business areas successfully or operate them consistently and efficiently across geographies.

To maintain current and future growth, the Group must make continual investments to maintain and improve the condition of, and to address issues that arise in relation to, its assets. Such investment affects the operational life

and the output achievable from these assets. The Group reviews the value of its assets periodically to inform valuation and investment decisions and, in some cases, may write down the value of certain assets. Assets may not perform as expected, including as a result of shutdowns or an inability to realise expected production volumes. In addition, the Group may decide not to continue with certain investments or developments if the Group believes the anticipated risks are too severe or the anticipated returns are or become insufficient to justify the investment.

The delivery of strategic objectives will require a degree of change management activity. As a result of change programmes, any failure to attract / retain capability, maintain corporate knowledge, mobilise quickly, or maintain labour relations could affect the Group's ability to successfully execute any future plans. Delays or challenges with organisational restructurings, capital investment projects, changes to financial systems, the launch of new products and entry into new markets, integration of acquisitions, meeting expected growth targets, and completion of disposals could adversely affect stakeholders' perception of the Group, if not successfully delivered. As a result, the Group may take longer than estimated to implement or not realise the anticipated benefits it expects to achieve as a result of its strategic objectives and the attention required may divert management attention and resources away from other areas of the Group.

The Group's targeted growth is based on assumptions and there can be no guarantee that the assumptions or longer-term forecasts used to calculate growth targets will prove to be accurate. Failure to deliver on the Group's strategy and to identify step changes in the market environment and react appropriately, disruption to the Group's business caused by such changes, or any significant variation in one or more of the Group's underlying forecasts, could have a material adverse effect on the Group's business, results of operations and overall financial condition.

The Group may not successfully execute suitable acquisitions and divestments.

The Group's success may be limited by its ability to execute and finance acquisitions and to divest non-core areas of its business. As part of this process, the Group must identify suitable acquisitions and disposals and negotiate acceptable terms and conditions relating to such transactions. The Group may face significant competition in identifying and acquiring suitable targets from competitors who may have greater resources or greater familiarity with the market. Furthermore, the Group may choose at any time to rationalise the existing business portfolio and consider strategic transactions, which could result in a change in the size, performance, and strategy of the Group. There can be no assurance that the Group will be able to dispose of non-core areas of its business at a price that the Group considers to be appropriate, or at all, or that any disposal will take place in the timeline envisaged by the Group, which could result in increased pressure on the Group's cash position. In addition, over-concentration in any particular category or an imbalance of the Group's product portfolio may mean that a disruption in one business or revenue stream may have a disproportionate impact on the Group as a whole.

The process of integrating any acquired businesses involves risks and may divert management attention and resources away from other areas of the Group. There may be difficulties in retaining key corporate knowledge and the new customer base, unanticipated costs and expenses associated with any undisclosed or potential liabilities, as well as in the assimilation of different corporate cultures, practices, systems and sales and distribution methodologies.

There can be no assurance that economic interests acquired by the Group in businesses or assets will prove to be good investments or that any acquired business will successfully integrate into the Group. Failure by the Group to identify, execute, finance or integrate acquisitions could also leave the Group increasingly exposed to short-term movements in customer demand. Furthermore, the Group may be required to refinance indebtedness incurred to fund such acquisitions, in the capital markets or otherwise, and there is no guarantee that the Group will be able to do so on favourable terms or at all. The Group may also be liable for past acts or omissions, and liabilities associated with the acquired business may be unforeseen or greater than anticipated. The Group may also be responsible for unforeseen liabilities of divested businesses.

Failure by the Group to successfully transfer business operations and to otherwise integrate the operations of any acquired businesses may result in lower revenue, earnings and/or reduced operating efficiency than if the Group had not acquired such businesses and lead to a loss of customers from the acquired businesses. The Group may not be able to realise the anticipated benefits from the integration, either in the amount or within the time frame that the Group expects, and the costs of achieving these benefits may be higher than expected.

Any of these factors could have a material adverse effect on the Group's business, results of operations and overall financial condition.

Compliance Risks

The Group is subject to many different regulatory regimes with varying rules.

The Group's medical products are subject to oversight from a wide range of governmental regulatory authorities such as the FDA, the EMA, the MHRA and numerous other national and/or local governmental authorities in the countries in which the Group manufactures, distributes, markets and/or sells its products. These governmental regulations govern and impose restrictions related to, among other things, the Group's product development, research testing, manufacturing, safety, clinical efficacy, effectiveness and performance, product standards, packaging requirements, labelling requirements, import/export restrictions, storage, record-keeping, marketing, promotion, third-party healthcare provider contractual engagement, patient interactions, distribution, sales, production, tariffs, duties and tax requirements. The Group's products and operations are also subject to industrial standards and the rules of associations of healthcare professionals, which often inform regulatory enforcement standards. The applicable standards in these numerous jurisdictions under these regulations are not globally harmonised and are subject to continuous revision, which may entail increased requirements and as a result, increased compliance costs for the Group. In addition, and more generally, there appears to be a trend toward more stringent regulatory oversight throughout the world. This regulatory environment may have a material impact on existing device marketing authorisations for medical devices as well as future device registration applications, requirements and timings, which may, in turn, have a material impact on the Group's ability to commercialise and market its devices.

In addition, government health or other regulatory organisations in many countries require products sold in their jurisdictions to be qualified, or for certain members of the Group to be duly licensed, before they can be marketed with the benefit of insurance or government healthcare reimbursement eligibility. This can create an elevated level of risk in the emerging markets in which the Group operates as such markets' regulations and product registration requirements continue to evolve. Failure or delayed receipt of relevant national or state qualifications could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group is required to expend significant time, effort and expense in bringing new products to market and adhering to post-market requirements. The Group is required to implement and maintain stringent reporting, product labelling and record keeping procedures and must make available its manufacturing facilities and records for periodic inspections by governmental agencies and comparable agencies in other countries to assess compliance with current good manufacturing practice requirements in applicable jurisdictions. The Group is required to comply with post-market surveillance requirements, and regulatory agencies are increasingly applying regulatory requirements to the post-market phase and are increasing reporting requirements and post market clinical follow-up. The Group believes this trend is likely to continue and could result in the need for more frequent post-market clinical studies or registry studies, increasing the costs involved in maintaining product registrations and keeping the Group's products on the market.

Regulatory bodies have the power to issue, amend and revoke or suspend licences, conduct investigations into companies' operations, constrain business development opportunities, suspend product manufacture, issue financial penalties and directions, publish warning letters that require corrective action or enforcement notices, enact product seizures and recalls, revoke approvals, exclude from future participation in government healthcare programmes, proceed with criminal prosecution and restrict an entity's ability to remit claims to commercial, federal or state insurers. In certain cases, regulators have the power to impose substantial fines that could have a material adverse impact on the Group's profitability. While fines imposed to date by regulators on the Group and close competitors have not come close to the maximum levels, future fines may be more significant. Any significant changes to the legal, regulatory and political framework of the Group's key markets, intervention or remedies could materially adversely impact the Group's business, operations and overall financial condition.

The Group is required to obtain regulatory approvals or clearances prior to marketing and selling certain of its products.

The Group is required to obtain regulatory approvals prior to marketing and selling certain of its products. For instance, in the United States, before a new or significantly modified medical device or a new use of, or claim for, an existing device can be marketed, it must first receive either pre-market clearance under Section 510(k) of the U.S. Federal Food, Drug and Cosmetic Act ("FDCA"), pre-market approval, or De Novo classification from the FDA, unless an exemption applies. The Group's currently commercialised devices are either 510(k) exempt or have received pre-market clearance under Section 510(k) of the FDCA. The FDA may disagree with the Group's determination and require the Group to submit new 510(k) notifications, pre-market approvals ("PMAs"), or De Novo classification requests for modifications to the Group's previously cleared products for which the Group has concluded that new clearances or approvals are unnecessary, the Group may be required to cease marketing or to recall its modified product until it obtains clearance or approval, and it may be subject to significant regulatory fines or penalties as a result. Any FDA approvals or clearances required in the future could subject the Group to

additional costs and delays before commencing marketing and sales, or the FDA could limit or deny an approval or clearance sought by the Group. Furthermore, there could be delays in obtaining such approvals or clearances from the FDA, which may further increase the costs and delay the commencement of marketing and sales.

In the EU, the EU Medical Device Regulation, which came into effect in May 2021, imposes increased compliance obligations on the Group and affects all markets in the EU and other regions that align their product registrations to EU requirements. Compliance with the requirements of the EU Medical Device Regulation entitles the Group to affix a CE Mark to the Group's medical devices. As a result, the Group may incur additional costs for registration and maintenance of requisite technical documentation. The additional requirements for labelling may also increase direct costs as well as place additional strain on the Group's compliance infrastructure.

Other jurisdictions in which the Group markets and sells its products may require similar pre-market clearances or approvals resulting in similar risks. Any delay in obtaining or failure to obtain such clearances or approvals in any jurisdiction may increase the costs and time requirements in order to place such devices on the market in those jurisdictions or prohibit the marketing and sale of such products in those jurisdictions, which could have a material adverse effect on the Group's reputation, business, results of operations and financial condition.

Failure to achieve acceptable results in inspections or comply with applicable regulatory requirements could adversely affect the Group.

Various national and local regulatory agencies have become increasingly vigilant in recent years in business practice investigations, including research and development activities, manufacturing, sales/marketing and reimbursement reporting. If the Group fails to achieve acceptable results in an inspection or to comply with applicable regulatory requirements, it may receive a warning letter or could otherwise be required to take corrective action and, in severe cases, the Group could suffer a disruption of its operations and manufacturing delays. In the past, the Group has been required to take discrete remediation actions at certain of its manufacturing facilities in response to ordinary course investigations by regulators, including the FDA.

Governmental and regulatory actions against the Group can materially adversely impact its operations, resulting in the recall or seizure of products; operating restrictions or the suspension or revocation of the authority necessary for the production or sale of a product; the suspension of shipments from specific manufacturing facilities; delays in approvals of products by governmental authorities; the imposition of fines and penalties; the delay of the Group's ability to introduce new products; the exclusion of the Group's products from healthcare reimbursement programmes; settlements and related government-imposed monitorships; issuances of alerts blocking the export of its products from or the import of its products into a particular jurisdiction; and other civil or criminal sanctions.

As government authorities and courts interpreting the relevant laws and regulations throughout the world have become increasingly stringent, the Group may be subject to more rigorous regulation or more frequent investigations in the future. Although the Group has implemented increased oversight capabilities in its manufacturing, research and distribution activities in recent years, there can be no assurance that regulatory agencies or other governmental authorities would find that the Group has fully complied with all applicable requirements in all instances or agree with the Group's interpretation of applicable regulatory requirements. Any such regulatory or governmental actions, in combination or alone, or a public announcement that the Group is being investigated for possible violations of regulatory laws, could have a material adverse effect on the Group's reputation, business, results of operations and financial condition.

The Group may face product quality issues.

Many of the Group's products are characterised by complex manufacturing processes, requiring adherence to demanding product specifications and tolerances. Manufacturers of medical devices, including the Group, from time to time, recall products in situations in which a material deficiency in a device has been identified. In addition, the U.S. Food and Drug Administration (the "FDA") and similar governmental authorities in other jurisdictions where the Group operates and sells products have the authority to require the recall of the Group's products in certain instances. Such recalls, whether initiated on a voluntary basis or otherwise, can result in a range of adverse consequences to the Group, including lost sales, adverse share price movement, the requirement to hold increased inventories of substitute products, damaged relationships with the FDA and similar governmental authorities, loss of segment share to competitors, adverse publicity and reputational harm, in addition to the direct costs of implementing any recall.

In addition, the manufacture and sale of medical devices and related products expose the Group to a significant risk of litigation, particularly product liability claims. This risk is enhanced because many of the Group's end customers are vulnerable patients with life-threatening conditions. The nature of the Group's products is such that defects in or misuse of them have the potential to cause serious injury. The Group has been and may in the future be subject to product liability claims alleging that the use of the Group's products, including certain Group products

manufactured or designed by third parties and third-party devices that include products manufactured by the Group, resulted in adverse effects to patients.

Legal proceedings are inherently unpredictable, and any product liability claim brought against the Group, with or without merit, could be costly to defend and could result in excessive verdicts and/or injunctive relief that may affect how the Group operates its business or result in settlement payments and adjustments not covered by or in excess of insurance. The legal expenses associated with defending against product liability claims, provisioning for legal claims in the Group's financial statements, the obligation to pay a product liability claim in excess of available insurance coverage, or the inability to maintain adequate insurance coverage could increase operating expenses and could materially adversely affect the Group's business, reputation, prospects, financial condition or results of operations.

Moreover, negative publicity regarding a quality or safety issue, whether accurate or inaccurate, could harm the Group's reputation, decrease demand for the Group's products, lead to product withdrawals or impair the Group's ability to successfully launch and market its products in the future.

Even if the Group is successful in defending against such claims, they could nevertheless divert the time, energy and efforts of the Group's management, result in substantial costs to the Group, harm the Group's reputation (including any reputational damage resulting from the failure of third-party devices which use the Group's technology), materially adversely affect the sales of the Group's products and its segment share, require the Group to lower its prices or otherwise harm the Group's business. If there is a significant increase in the number or magnitude of product liability claims, the Group's reputation, business, results of operations and financial condition could be materially adversely affected.

The Group may fail to comply with anti-corruption, anti-bribery and anti-money laundering laws.

The Group is subject to a wide range of antitrust, anti-competition, anti-fraud and anti-bribery laws, such as the U.S. Foreign Corrupt Practices Act, the UK Bribery Act and similar laws in other countries related to anti-corruption compliance, including obligations to business partners. The Group also must comply with a variety of other laws that impose tracking and reporting related to all transfers of value provided to certain healthcare professionals and others. Actual or alleged violations of applicable laws, regulations, or anti-corruption compliance contractual requirements could create a substantial liability for the Group and also damage the Group's reputation or cause a loss of business opportunity in the markets in which the Group operates. The Group interacts with foreign officials and otherwise has business in some countries generally recognised as having business environments where there may be a higher risk of corrupt activity occurring. The Group's activities in these countries create the risk of unauthorised payments or offers of payments by the Group's employees or agents which could result in violation of the various anti-corruption laws to which the Group is subject.

The Group has implemented policies to prohibit, and developed training and compliance programmes to discourage, these practices by its employees and agents, and the Group conducts investigations promptly when allegations of improper conduct are made. However, the Group is subject to a wide variety of requirements, subject to evolving interpretation, in a large number of jurisdictions and the Group's existing and any further safeguards may prove to be ineffective. If employees or agents of the Group violate regulatory requirements or the Group's policies or fail to maintain adequate record-keeping and internal accounting practices to accurately record the Group's transactions, the Group may be subject to regulatory sanctions, including monetary fines, criminal penalties, disgorgement of profits and suspension or debarment of the Group's ability to contract with government agencies or public international organisations or to receive export licenses, any of which could materially adversely affect the Group's business, results of operations and financial condition.

The Group's international operations may expose it to risks in conducting business outside developed markets.

The international scope of the Group's operations exposes it to economic, regulatory and other risks, particularly outside developed markets. The Group intends to continue to pursue growth opportunities in global emerging markets. The Group's operations outside the United States, Europe and other developed markets are, and will continue to be, subject to a number of risks and potential costs, including: lower levels of protection of intellectual property; greater payables risk due to difficulty in collecting accounts receivable and longer collection periods; trade protection measures and import or export licensing and/or product registration requirements; difficulty in staffing, training and managing local operations; differing legal and labour regulations; labour disputes; increased costs of transportation or shipping; potential adverse tax consequences, including consequences from changes in tax laws and the imposition or increase of withholding and other taxes on remittances and other payments by international subsidiaries, which, among other things, may preclude payments or dividends from certain subsidiaries from being used for debt servicing and exposure to adverse tax regimes; heightened prevalence of expectations by suppliers, distributors, customers and/or government officials for facilitation and other potentially improper payments; political and economic instability; risks associated with conducting business in countries

subject to sanctions, and any breach by the Group or one of its distributors of any licencing requirements or other regulations; and security risks associated with criminal activity in certain countries.

The Group is and may become increasingly dependent on regional Group subsidiaries and local third-party distributors for compliance and adherence to local laws and regulations. Local third-party distributors may not adhere to the Group's own business practices and policies, which could result in compliance risk and grey market sales in certain markets. The Group has implemented and monitors adherence to policies to prohibit improper payments and has developed training, compliance programmes and contractual protections to discourage such practices by its employees, distributors and other agents. Although a significant number of the Group's distributors have been assessed and screened under the new compliance programmes and migrated to new contracts reflecting the Group's updated policies and procedures (including audit rights), the Group's internal and third-party initiatives are on-going and there can be no assurance that they will be successful, will prevent all misconduct by counterparties or will not require further management time or expense to develop and implement. Failure of these policies, compliance programmes or contractual protections could result in violations of laws and regulations.

Any violation of laws and regulations by the Group or a failure of distributors to comply with the Group's established business practices and policies could result in legal or regulatory sanctions against the Group and potentially damage its business and reputation, any of which could have a material adverse effect on the Group's business, results of operations and financial condition.

Provision of information to patients and product users exposes the Group to malpractice or regulatory risk.

The Group operates me+, a programme for ostomy patients that provides (among other benefits) access to specialised nurses and information providing support for patients learning to live with their ostomies. Other areas in the Group's business, in particular the Home Services Group (HSG), also have direct interaction with customers, including providing them with information about the Group's products as well as third-party products. Such representatives are not licensed as healthcare professionals and therefore may not give medical advice. The Group has developed guidelines for its employees and has implemented other procedures to provide quality control of the information that it publishes or provides, but there can be no assurance that such quality control procedures will be sufficient to ensure that there are no errors or omissions in information provided by the Group or these employees. If that information, or information and other content obtained from third parties, contains inaccuracies, it is possible that customers may bring claims against the Group for various causes of action. Even if potential claims do not result in liability to the Group, defending such claims could have material adverse effects.

In addition, a number of jurisdictions in which the Group operates generally require licensing for the practice of activities performed by healthcare professionals, including clinics. The Group does not believe it requires such licensing for its own activities in the jurisdictions in which it currently operates. To the extent any such jurisdiction determines that the activities of the Group (including in particular those relating to its me+ programme) violate these requirements, it may seek to require the Group to discontinue those activities or subject the Group to penalties or licensure requirements.

Any claim of malpractice or other liability, or adverse regulatory action as described above, could materially adversely affect the Group's reputation, business, results of operations and financial condition.

Financial Risks

Pricing pressures could adversely affect the Group's sales and profitability.

In several of its markets, the Group's products are sold to patients or healthcare providers who pay for the products and receive reimbursements from third-party payers (principally national or local government-sponsored and private health insurance plans) to cover all or a portion of the cost of the Group's products. The Group faces direct and indirect pricing pressure from these arrangements. As a result of volatility in the macroeconomic environment and inflation, third-party payers may enact cost-containment measures as a result of any persistent downturn in the economic environment. Such measures may result in direct and indirect pricing pressure and a decrease in demand for the Group's products or the procedures involving the use of the Group's products.

Particularly in institutional care settings, such as acute care hospitals, third-party reimbursements to healthcare providers are often in the form of a "lump sum" amount based on a patient's diagnosis and/or the medical procedures performed. The cost of medical supplies, such as ostomy supplies and wound dressings, is assumed to be included in the lump sum payment to the relevant healthcare provider, without separate reimbursement for medical supplies. Reductions in lump sum payment amounts by third-party payers have an indirect impact on the Group's sales and profits, as hospital operating margins are compressed and hospitals, in turn, put pressure on medical supply manufacturers' selling prices. In addition, some insurance plans in the United States have adopted, or are considering the adoption of, a system in which healthcare providers contract to provide comprehensive healthcare for a fixed cost per patient. This system could exacerbate the indirect pricing pressure by healthcare

providers on the Group. Outside of institutional care settings, in most developed countries the costs of medical supplies are reimbursed by third-party payers separate from any reimbursements payable for the patient's diagnosis and/or medical procedures performed. Reductions in reimbursement amounts to patients for medical supplies in this setting can have a direct adverse impact on the Group's sales and profits depending on the product categories impacted. The Group believes that nurses, surgeons, hospitals and other healthcare providers may not use, purchase, recommend or prescribe its products and patients may not purchase its products if these third-party payers do not provide satisfactory coverage of and reimbursement for the costs of the Group's products or the procedures involving the use of the Group's products.

Third-party payers frequently review their coverage policies with respect to existing and new therapies and can, without notice, deny coverage for treatments that may include the use of the Group's products. Some private insurers in managed care systems may also attempt to control costs by authorising fewer elective surgical procedures or by requiring the use of the least expensive products available. In the event that third-party payers, whether private or governmental, deny coverage or reduce their current levels of reimbursement to the Group's institutional and end-user customers, the Group may be unable to sell certain products on a profitable basis.

Many U.S. institutional customers of the Group's products have joined U.S. group purchasing organisations ("GPOs") in an effort to contain costs. GPOs conduct tender processes and/or negotiate pricing arrangements with medical supply manufacturers and distributors, and these negotiated prices are made available to a GPO's affiliated hospitals and other members. These negotiations could lead to pricing pressure on the Group's products, or the Group may not be selected as a provider for certain GPOs in key markets. If the Group is not one of the providers selected by a GPO, affiliated hospitals and other members may be less likely to purchase the Group's products and if the GPO has negotiated a strict compliance contract for another manufacturer's products, the Group may be precluded from making sales to GPO members for the duration of the contractual arrangement. The Group's relationships with GPOs are also subject to U.S. regulations governing fraud, waste and abuse.

If the Group faces significant increased pricing pressure from their customers and/or third-party payers, it could materially adversely affect the Group's business results of operations, financial condition and prospects.

Changes in reimbursement practices could adversely affect the Group.

For certain of the Group's products, the Group bills governmental social health care services, such as Medicare and Medicaid in the United States and the National Health Service ("NHS") in the United Kingdom, directly. The Group's sales of these products are therefore directly subject to cuts to reimbursement rates, internal cost reduction audit programmes or the imposition of more stringent regulatory requirements for reimbursement. Additionally, the Group faces risks that its products may cease to be covered, or that new products may not be adopted for coverage, under these regimes.

The regulations that govern Medicare and Medicaid reimbursement, including cost reduction audit programmes, are complex and the Group's compliance with these regulations is costly and may be reviewed by federal agencies, including the Department of Health and Human Services, and the Department of Justice ("DOJ"). Failure to ensure reimbursement coverage for existing and new products under these or similar government healthcare regimes, or increased compliance costs, could materially adversely affect the Group's business, results of operations, financial condition and prospects.

Legislative changes have been proposed and adopted in the United States since the Affordable Care Act ("ACA") was enacted in 2010 and the Group expects that additional healthcare reform measures in the United States and other countries will be adopted in the future. Possible changes include changes in legislation or regulations governing healthcare services, U.S.-based medical product manufacturing, mandated benefits, further reduction of or limitations on governmental funding at the state or federal level, or efforts by healthcare insurance companies to further limit payments for products and services. Federal, state, and local governmental entities have also continued to increase their scrutiny of the U.S. healthcare market. Any such proposals, if adopted, or the adoption of a national healthcare system in the United States in which prices are controlled by the government, or any failure by the Group to comply with the existing requirements, could have a material adverse impact on the Group's business, results of operations and financial condition.

Uncertainty surrounding possible changes to the healthcare environment, including changes to regulatory enforcement priorities, may directly or indirectly adversely affect us. Additionally, it is possible that the adoption of the U.S. One Big Beautiful Bill Act ("OBBBA") could reduce participation in Medicaid and ACA marketplace enrolment, resulting in a change in utilisation of the healthcare system. This may adversely affect demand for our products and services and could have an effect on our results of operations and financial condition.

Outside of the United States, the rates of reimbursement as well as the number of products used and the reimbursement rates for those products are under constant review across many markets. Although the Group is not aware of any material changes being proposed to regulatory reimbursement regimes outside of the United States,

any such changes could impact the Group. Any such changes to regulatory reimbursement regimes could have a material adverse impact on the Group's business, results of operations and financial condition.

The Group is impacted by global economic trends.

The Group operates in various jurisdictions and any developments in global economic conditions could lead to healthcare systems reducing spend, setting lower reimbursement rates and/or customers delaying or forgoing the private healthcare purchase of products. The Group's strategic priorities, including capital investment in mergers, acquisitions, disposals, market position, climate change, sustainable development, and new technologies, are also affected by global economic conditions and the Group's ability to grow its business successfully in these respects may be subject to circumstances beyond its control.

The Group continues to pursue a range of investments across markets and in different geographies both to deepen the Group's customer relationships and to secure the Group's future growth. Although the majority of the Group's products are focussed on the treatment of non-elective and chronic conditions that will impact patients throughout their lives, the global economy, as well as the credit and financial markets, may have an indirect impact on demand for Group products. For example, the Group may be impacted by institutional or governmental customers purchasing lower cost and less advanced products. As such, a negative economic climate in countries where the Group sells and/or exports its products could contribute to reduced demand for the Group's products. Additionally, macroeconomic conditions can have an impact on various areas within the Group's business, including the availability and reliability of vendors and third-party contract manufacturers, the Group's ability to timely collect its accounts receivable and the availability of financing for acquisitions.

The banking and financial market sector that the Group relies upon could also be affected by political and economic developments such as the exit from the EU or the Euro by a member state. While the Group does not have a direct exposure to sovereign debt, it is possible that its partners and customers may have exposure which could impair their ability to meet their obligations to the Group. Therefore, a sovereign debt downgrade or default could have a material adverse effect on the Group.

The deterioration of economic conditions and lack of available financing could in the future impact the Group's business in a variety of ways, including the loss of employment and health insurance by users of the Group's products as a result of an economic slowdown, which could depress demand for healthcare services and the Group's products; a shortage of available credit for working capital, which could lead customers who buy the Group's products, including patients, hospitals and other parties, to limit their purchases or cause them difficulty in meeting payment obligations and the tightening of credit or disruption in the financial markets, which could disrupt or delay performance by the Group's third-party vendors and contractors and adversely affect the Group's business. In addition, disruptions in the credit or financial markets could limit the availability and size of additional financing and could make it more difficult to amend or renew the Group's existing credit arrangements if required. Pressure from economic deterioration, deflation and deflationary credit, volatile supply chain prices, increased levels of competition, political instability, reduced demand and recessionary impacts can all contribute to challenging market conditions.

If any of these risks were to materialise, the Group's business, results of operations and financial condition may be materially adversely affected.

Exposure to changes in tax laws, regulations, enforcement practices or tax authority decisions in the jurisdictions in which the Group operates could adversely affect the Group and have a material adverse effect on our results of operations, cash flows and financial position.

Companies in the Group account for and pay tax in the jurisdictions where they are resident and, if applicable, in any other jurisdiction in which they have a permanent establishment or other taxable presence. Consequently, the Group is exposed to changes, both in the general corporate tax regime and specific tax regimes of many jurisdictions in relation to its business segments. Tax laws, tax rates and interpretation of legislation and compliance and disclosure requirements, with associated costs and penalties may be subject to significant changes due to economic, political, and other conditions. Significant changes to and interpretation of tax laws and regulations, including changes in the basis or rate of corporation tax, further outputs from the Organisation for Economic Co-operation and Development ("OECD") action plan on Base Erosion and Profit Shifting ("BEPS"), withdrawal of allowances or credits, imposition of new taxes or changes to withholding taxes could have a material adverse effect on our operating results, our financial position and cash flows and could impact the tax treatment of our earnings. Changes in tax laws, including the introduction of the OECD's Pillar Two regime that implements a global minimum corporate taxation rate, increase tax uncertainty and may be applied prospectively or retroactively. There are many transactions that occur during the ordinary course of business for which the ultimate tax determination is uncertain, and significant judgment is required in evaluating and estimating our provision and accruals for taxes.

Governments are increasingly focused on ways to increase tax revenues, particularly from multinational corporations, which may lead to an increase in audit activity and aggressive positions taken by tax authorities.

Certain tax positions taken by the Group are based on external tax advice and/or are based on assumptions that involve a degree of judgment. The tax authorities in any applicable jurisdiction may disagree with the positions the Group has taken or intends to take regarding the tax treatment of any of the Group's transactions. If challenges to the Group's tax positions (through tax audits or otherwise) were to be successful, the Group may be required to pay additional taxes, penalty charges and interest, and it may incur costs in defending litigation or reaching a settlement with the relevant tax authority.

If any of the above were to occur, this could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is exposed to fluctuations in foreign currency exchange.

The Group prepares its financial statements in U.S. dollars, and it derives revenue and/or incurs costs in around 100 countries, including the United States, the United Kingdom, Denmark, Mexico, Slovakia and the Dominican Republic. Accordingly, movements in exchange rates between any of these currencies and the U.S. dollar could have a negative effect on the Group's results of operations and financial condition to the extent the Group has a mismatch between its earnings in any foreign currency and its costs that are denominated in that currency.

Where possible, the Group manages foreign currency risk by matching same currency revenues to same currency expenses, and by strategically denominating debt in certain functional currencies in order to match with projected functional currency exposures. The Group also maintains cashflow hedges for certain, highly probable future foreign currency cashflows. There is no guarantee that the Group will be successful in adequately protecting against currency exchange risk, and its results of operations may be materially adversely affected.

In addition, the results of operations and financial conditions of the individual members of the Group are reported in the relevant functional currency of that Group member, which may not be the U.S. dollar. These Group member's assets and liabilities are converted based on the exchange rate on the balance sheet date, and income statement items are converted based on the average exchange rate during the relevant financial period. Foreign exchange rates have seen significant fluctuation in recent years, and significant increases in the value of the U.S. dollar relative to foreign currencies could have a material adverse effect on the Group's reported financial results.

Additionally, while the Group presents certain historical financial information on a constant currency basis, and considers certain constant currency metrics for budgeting and planning purposes in order to analyse results on a period-to-period basis, there can be no assurance that these estimated measures will accurately reflect the Group's operations or results for any particular period or between any periods.

The Group is subject to counterparty risk.

As a consequence of its normal operations, the Group is exposed to the risk of counterparty default, which may, among other things, reduce the Group's cash flows. Controls in place cannot eliminate such exposure or absolutely mitigate such risk, and such a counterparty default may have a material adverse effect on the Group's business, results of operations and overall financial condition.

The Group is exposed to interest rate fluctuations.

The Group is exposed to movements in interest rates, which affect the amount of interest paid on borrowings and the return on its cash investments. To the extent that any of the Group's interest rate exposure remains unhedged, or such hedging is ineffective, adverse movements in interest rates could have a material adverse effect on the Group's business, results of operations and overall financial condition.

The Group has significant goodwill and other intangible assets.

Goodwill and intangible assets represent a significant portion of the Group's total assets. Finite-lived intangible assets are subject to an impairment analysis whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. Goodwill and indefinite-lived intangible assets are tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset may be impaired. If an impairment exists, the Group would be required to take an impairment charge with respect to the impaired asset. Events giving rise to impairment are difficult to predict and are an inherent risk in the medical device industry. As a result of the significance of goodwill and intangible assets, the Group's financial condition and results of operations in a future period could be negatively impacted should such an impairment of goodwill or intangible assets occur.

A downgrade in the Group's credit rating may increase its costs of funding.

The Group benefits from its credit rating (Baa3 stable outlook (Moody's), BBB- positive outlook (S&P) and BBB stable outlook (Fitch), as at September 2025). Any deterioration in the Group's credit ratings may increase its costs of funding or otherwise affect access to liquidity and its ability to obtain credit from counterparties. This could have a material adverse effect on the Group's business, results of operations and overall financial condition.

RISKS RELATING TO THE GROUP'S DEBT PROFILE AND STRUCTURE

Our leverage may make it difficult for us to operate the Group's business and prevent us from fulfilling the Group's obligations with respect to the Notes.

The Group is, and following the issuance of the Notes will continue to be, leveraged. As at 30 June 2025, after giving effect to the Offering and the application of the proceeds therefrom as described in "Use of Proceeds", the Group would have had *as adjusted* net debt of \$1,182.4 million. See "Summary Financial and Other Information—Other Financial and Operating Data."

The Group's leverage could have important consequences to holders of the Notes, including, but not limited to:

- making it difficult for the Group to satisfy its obligations with respect to the Notes and its other indebtedness and liabilities;
- increasing the Group's vulnerability to, and reducing its flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of the Group's cash flow from operations to the payment of interest on indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditures, acquisitions, joint ventures or other general corporate purposes;
- restricting us from pursuing strategic transactions or exploiting certain business opportunities;
- placing the Group at a competitive disadvantage as compared to its competitors, to the extent that they are not as highly leveraged; and
- limiting the Group's ability to borrow additional funds or raise equity capital in the future and increasing the cost of any such financing.

Any of these or other consequences or events could have a material adverse effect on the Group's ability to satisfy the Group's debt obligations, including the Notes.

Despite the Group's significant level of indebtedness, it may be able to incur material additional amounts of indebtedness, which could further exacerbate the risks associated with its indebtedness.

The Group may be able to incur substantial additional indebtedness in the future. Although the terms of the Group's other indebtedness restrict the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with those restrictions could be substantial. Moreover, the debt that the Group's subsidiaries may incur in the future could be structurally senior to the Notes (for instance, if incurred by any of the Group's subsidiaries that are not guaranteeing the Notes) or may be effectively senior to the Notes, by being secured by collateral. The Indenture which governs the Notes does not prohibit the ability of the Company or any of the Group's subsidiaries to incur indebtedness. In addition, the Indenture will not prevent the Group from incurring obligations that would not constitute indebtedness under the Indenture. The incurrence of additional indebtedness would increase the leverage-related risks described in this Offering Memorandum.

The Group is subject to restrictive debt covenants that may limit the Group's ability to pursue business opportunities and activities.

The terms of the Group's other indebtedness, including the Revolving Credit Facility, the Term Loan and the indenture governing the 2021 Notes, require the Company and its subsidiaries to comply with various restrictions, including, but not limited to, limitations on their ability to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create liens on assets to secure indebtedness;

- sell assets;
- declare or pay dividends;
- repurchase capital stock;
- make investments;
- merge or consolidate with or into other entities;
- enter into transactions with related parties; and
- enter into sale and leaseback transactions.

These limitations will be subject to significant exceptions and qualifications. In addition, the Revolving Credit Facility and the Term Loan require the Company to maintain certain financial ratios while such arrangements remain outstanding. See “*Description of Other Indebtedness.*” These restrictions could limit the Group’s ability to pursue business opportunities and activities that may be in the Group’s interest.

The Group’s ability to comply with the covenants under the Indenture, the Revolving Credit Facility, the Term Loan, the indenture governing the 2021 Notes and any future indebtedness may be affected by events beyond its control, and the Group cannot assure you that it will comply with all of the affirmative and negative covenants or meet the required financial ratios thereunder.

A breach of any of those covenants, ratios, tests or restrictions could, subject to any applicable cure periods, result in an event of default under the respective debt instruments and allow the creditors under the relevant debt instruments to declare all amounts outstanding under such debt instruments, together with accrued interest, to be immediately due and payable. In addition, any event of default or acceleration under one instrument could lead to an event of default and acceleration under other debt instruments that contain cross-default or cross-acceleration provisions, including the Indenture. Upon the occurrence of any event of default under the Indenture, subject to applicable cure periods and other limitations on acceleration or enforcement, the Trustee could elect to declare all amounts outstanding, together with accrued interest, immediately due and payable. If the Group’s creditors, including the holders of the Notes, accelerate the payment of those amounts, the Group cannot guarantee that its assets and the assets of its subsidiaries would be sufficient to repay in full those amounts and to satisfy all other liabilities of the Group’s subsidiaries which would be due and payable. In addition, if the Group is unable to repay those amounts, the Group’s creditors could proceed against any collateral granted to them to secure repayment of those amounts.

Certain of the Group’s indebtedness bears interest at a floating rate that could rise significantly, increasing the Group’s interest cost and debt and reducing its cash flow.

The Group’s debt under the Term Loan and the Revolving Credit Facility bears interest at a variable rate which is equal to the sum of (i) the relevant benchmark rate for the applicable currency and period (including the Secured Overnight Financing Rate (“SOFR”) for U.S. dollar borrowings, the Sterling Overnight Index Average (“SONIA”) for sterling borrowings, the Euro Interbank Offered Rate (“EURIBOR”) for euro borrowings, the Stockholm Interbank Offered Rate (“STIBOR”) for borrowings in Swedish krona, and the Copenhagen Interbank Offered Rate (“CIBOR”) for Danish krone borrowings, or, in each case, such replacement or alternative risk-free rate as may be described in the Facilities Agreement) and (ii) the applicable margin. Fluctuations in the relevant benchmark rate (including SOFR, SONIA, EURIBOR, STIBOR or CIBOR) or the replacement rate (as applicable) or in the applicable margin (which is determined by reference to leverage as defined in the Facilities Agreement) may increase the Group’s overall interest burden and could have a material adverse effect on the Group’s cash flow and reduce its ability to service its debt obligations.

The Group requires a significant amount of cash to service its debt, refinance its maturing debt and sustain its operations. The Group’s ability to generate sufficient cash depends on many factors beyond its control.

The Group’s ability to make payments on and to refinance its debt, including the Notes, and to fund working capital and capital expenditure, will depend on the Group’s future operating performance and ability to generate sufficient cash. This depends, to some extent, on the success of the Group’s business strategy and on general economic, financial, competitive, market, legislative, regulatory and other factors, as well as the other factors discussed in these “*Risk Factors*”, many of which are beyond the Group’s control. This also depends on the Group’s cash flow cycle. If the Group’s interest payment dates coincide with periods of significant cash outflow, the Group may have insufficient cash to pay the Group’s obligations as they come due. Other events could also have a negative impact

on the Group's cash position, which could impact the Group's ability to make payments on and to refinance the Group's debt, and to fund acquisitions, working capital and capital expenditure.

The Group cannot assure you that the Group's business will generate sufficient cash flows from operations, that revenue growth, currently anticipated cost savings and operating improvements will be realised or that future debt and equity financing will be available to the Group in an amount sufficient to enable us to pay the Group's debts when due, including the Notes, or to fund the Group's other liquidity needs. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.*"

If the Group's future cash flows from operations and other capital resources (including borrowings under the Revolving Credit Facility or any other lines of credit) are insufficient to pay the Group's obligations as they mature or to fund its liquidity needs, the Group may be forced to:

- reduce or delay the Group's business activities and capital expenditure;
- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of the Group's debt, including the Notes, on or before maturity.

The Group cannot assure you that it would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. Any failure to make payments on the Notes on a timely basis could result in a reduction of the Group's credit rating, which could also harm the Group's ability to incur additional indebtedness. In addition, the terms of the Group's indebtedness, including the Notes, will limit, and any future debt may limit, its ability to pursue any of these alternatives. Any refinancing of the Group's debt could be at higher interest rates and could require the Group to comply with more onerous covenants, which could further affect the Group's operating results, financial condition and business. The type, timing and terms of any future financing will depend on the Group's cash needs and the prevailing conditions in the financial markets. If the Group is unable to refinance all or a portion of its indebtedness or obtain such refinancing on terms acceptable to it or at all, the Group may be forced to reduce or delay its business activities or capital expenditures, sell assets or raise additional debt or equity financing in amounts that could be substantial. In addition, the terms of the Group's indebtedness, including the Indenture, may restrict the Group's ability to pursue any of these measures. There can be no assurance that any assets which the Group may be required to dispose of could be sold or that, if sold, the timing of such sale and the amount of proceeds realised from such sale would be sufficient to meet the Group's debt service obligations when due.

If the Group is unable to refinance its debt, obtain additional financing or sell assets on terms acceptable to it or at all, the Group may not be able to satisfy its debt obligations, including under the Notes. In such event, borrowings under other debt agreements or instruments that contain cross-acceleration or cross-default provisions may become payable on demand, and the Group may not have sufficient funds to repay all its indebtedness, including the Notes.

The interests of the Group's shareholders may be inconsistent with your interests.

The interests of the Group's shareholders could, in certain circumstances, conflict with your interests, particularly if the Group encounters financial difficulties or is unable to pay its debts when due. For example, the shareholders could, directly or indirectly, cause the Issuer to incur additional indebtedness to service its existing debt, including the Notes, or for general corporate purposes. The Group's shareholders could also have an interest in pursuing acquisitions, divestitures, financings, dividend distributions or other transactions (including one or more divestitures of all or part of the Issuer's business or sales of its shares) that, in their judgment, could enhance their equity investments, although such transactions might involve risks to investors in the Notes.

Risks relating to the Notes and the Guarantees

Claims by secured creditors will have priority over the claims of the holders of the Notes, to the extent of the value of the assets securing such indebtedness.

The Notes are senior unsecured obligations of the Issuer. Claims by secured creditors of the Issuer and the Guarantors will have priority with respect to the assets securing their indebtedness over the claims of holders of the Notes, to the extent of the value of such property or assets so securing such indebtedness. As such, any claims of the holders of the Notes will be effectively subordinated to any secured indebtedness and other secured obligations of the Issuer and the Guarantors. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganization, administration, or other bankruptcy or insolvency proceeding of the Issuer or any Guarantor that has any such secured indebtedness, or in the event that any such secured indebtedness becomes due or the creditors thereunder proceed against the assets that secured such indebtedness, the assets remaining after repayment of such

secured indebtedness may not be sufficient to repay any amounts owing in respect of the Notes or the relevant Guarantee. As a result, holders of Notes may receive less, ratably, than holders of secured indebtedness of the Issuer or the relevant Guarantor.

As of 30 June 2025, after giving effect to the Refinancing, the Group would have had no secured indebtedness, but would have had \$79.1 million of secured obligations (represented by outstanding lease liabilities), all of which would have ranked senior to the Notes. We will be permitted to borrow substantial additional indebtedness, including secured debt, in the future under the terms of the Indenture. The Indenture will therefore allow the Issuer and the Guarantors to incur indebtedness on assets that will be effectively senior to the Notes to the extent of the value of such assets.

The Notes and each of the Guarantees will be structurally subordinated to present and future liabilities of our non-Guarantor subsidiaries.

The Notes will be guaranteed by our parent company, Convatec Group plc, and two of its subsidiaries, Convatec Inc., a Delaware corporation, and Convatec Finance Holdings Limited, a United Kingdom company. None of our other subsidiaries will guarantee the Notes.

Generally, claims of creditors of a non-Guarantor subsidiary, including trade creditors and claims of preference shareholders (if any) of the subsidiary, will have priority with respect to the assets and earnings of the subsidiary over the claims of creditors of its parent entity, including claims by holders of the Notes under the Guarantees. In the event of any foreclosure, dissolution, winding-up, liquidation, administration, reorganization or other insolvency or bankruptcy proceeding of any of our non-Guarantor subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to its parent entity. As such, the Notes and each Guarantee will each be structurally subordinated to the creditors (including trade creditors) and preference shareholders (if any) of our non-Guarantor subsidiaries. The covenants in the Indenture permit us to incur additional indebtedness at subsidiaries that do not guarantee the Notes and in the future the revenues and EBITDA of such entities could increase, possibly substantially.

As of 30 June 2025, after giving effect to the Refinancing, our non-Guarantor subsidiaries would have had no indebtedness outstanding. In addition, none of our non-Guarantor subsidiaries will be Guarantors under the Term Loan, the Revolving Credit Facility or the indenture governing the 2021 Notes, after giving effect to the Refinancing.

We are subject to insolvency laws in England and Wales, Delaware and Oklahoma, which may not be as favourable as insolvency laws in other jurisdictions.

The Issuer is incorporated in Oklahoma and is subject to United States insolvency procedures. However, your rights under the Notes and the Guarantee are likely to be subject to insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex proceedings. Insolvency laws in such jurisdictions may not be as favourable to your interests as creditors as the bankruptcy laws of the United States or other jurisdictions with which investors are familiar, in particular with respect to priority of creditors, ability to obtain post-petition interest and the duration of the insolvency proceedings. In the event that any one or more of the Guarantors (or any future guarantor) or any other of the Issuer's subsidiaries experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. As a consequence, enforcement of rights under the Notes and the Guarantees (and any other future Guarantees which may be granted under the Indenture) in an insolvency situation may be delayed and be complex and costly for creditors and the application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply and adversely affect your ability to enforce your rights under the Notes or the Guarantees in these jurisdictions, limiting any amounts that you may receive.

Certain of the Guarantors are incorporated in England and Wales and are subject to the insolvency laws of England and Wales. The English courts may have jurisdiction to open insolvency proceedings in respect of entities not incorporated in England and Wales, such as certain of the Guarantors or the Issuer. If insolvency proceedings were to be opened in England and Wales such proceedings could be in parallel to proceedings opened elsewhere (such as the country or place of the Guarantor's or Issuer's incorporation). Recognition of those proceedings in such other jurisdictions is likely to be a relevant consideration for the English courts prior to opening insolvency or restructuring proceedings. Such recognition would be a matter for the private international law of the relevant jurisdictions.

If insolvency proceedings were to be opened in a place other than England and Wales, such foreign proceedings could be in parallel to proceedings opened in England. Such foreign proceedings would not benefit from automatic recognition in England – although the foreign officeholder could apply under the Model Law Regulations (as

defined below) which provide that foreign insolvency proceedings may be recognised in England where a company has its centre of main interests (as that concept is used in the Model Law Regulations) or an “establishment” (being a place of operations where it carries out a non-transitory economic activity with human means and assets) in such foreign jurisdiction. The UNCITRAL Model Law on Cross-Border Insolvency was implemented, subject to certain modifications, in Great Britain on 4 April 2006 by The Cross-Border Insolvency Regulations 2006, SI 2006/1030 (the “Model Law Regulations”). Under the Model Law Regulations, if foreign insolvency proceedings are commenced in respect of a company, then, upon application by the foreign representative (defined to be a person or body, including one appointed on an interim basis, authorised in a foreign proceeding to administer the reorganisation or the liquidation of the company’s assets or affairs or to act as a representative of the foreign proceeding), and provided that certain requirements are met, the English courts are required to recognise such proceedings. Any such recognition may in effect impact upon the availability of certain types of creditor action in England and Wales or, provided certain further requirements are met, result in the application of English avoidance (including claw-back) provisions.

Further, if the relevant foreign insolvency proceedings are recognised as “foreign main proceedings”, an automatic stay on certain types of creditor action will apply (including the commencement or continuation of certain legal proceedings) and the company’s right to transfer, encumber or otherwise dispose of its assets will be suspended in England and Wales. In general, this stay and suspension will not restrict rights relating to the enforcement of security or of a creditor to set-off its claim against a claim of the company (so long as these rights could be exercised if the company had been made the subject of a winding up order under the Insolvency Act 1986). However, the foreign representative may also make an application to an English court to exercise its discretion to provide further relief, including the imposition of a wider stay (which may extend to restrictions on the rights referred to above), particularly if the foreign proceedings in question are reorganisation proceedings which, under the foreign insolvency law, give rise to a stay on security enforcement.

The procedural and substantive provisions of insolvency laws in England and Wales are generally favourable to secured creditors.

The procedural and substantive provisions of insolvency laws in England and Wales are generally favourable to secured creditors. These provisions afford unsecured creditors only limited protection from the claims of secured creditors that rank in priority to them. If the insolvency law of England and Wales applies in respect of certain of the Guarantors or our other subsidiaries, it will generally be the case that realisations from secured assets will be used to repay the debts due to secured creditors (subject to deductions for certain costs of the insolvency process in certain cases).

If a Guarantor incorporated in England or Wales were to enter into administration proceedings in England and Wales, the Guarantees from such Guarantor could not be enforced via proceedings while the relevant company was in administration without the leave of the court or consent of the administrator, and there can be no assurance that such leave of the court or consent of the administrator would be obtained. Furthermore, under insolvency law in England and Wales, some of our subsidiaries’ debts may be subject to preferential claims, including amounts owed in respect of occupational pension schemes in respect of the 12-month period prior to insolvency, unpaid employees remuneration in respect of the four-month period prior to insolvency and administration or liquidation expenses.

See “*Insolvency Law and Limitations on Validity and Enforceability of Guarantees—England and Wales*” for a more detailed summary of English insolvency regulations.

The Guarantees will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defences that may limit its validity and enforceability.

The Notes will be guaranteed by entities which are organized under the laws of England and Wales and Delaware, United States.

The Indenture will provide that the Guarantees will be limited to the maximum amount that can be guaranteed by the relevant Guarantor without rendering the relevant Guarantee voidable or otherwise ineffective under applicable law and enforcement of each Guarantee will be subject to certain generally available defences. These laws and defences include those that relate to corporate benefit, fraudulent transfer or conveyance, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, rights of and defences available to sureties, regulations or defences affecting the rights of creditors generally.

Although laws differ among various jurisdictions, in general, under fraudulent conveyance, bankruptcy or insolvency law and other laws, a court could (i) subordinate, invalidate or void all or a portion of the Guarantees, (ii) direct that the holders of the Notes return any amounts paid under a Guarantee to the relevant Guarantors or to a fund for the benefit of that Guarantors’ creditors, or (iii) take other action that is detrimental to you, typically, if the court found that, *inter alia*:

- the relevant Guarantee was incurred with actual intent to hinder, delay or defraud creditors or shareholders of the Guarantor or, in certain jurisdictions, even when the recipient was simply aware that the Guarantor was insolvent when it granted the relevant Guarantee or, in certain jurisdictions, where the effect of the transaction was to perpetrate a fraud on the relevant Guarantor's creditors;
- the Guarantor did not receive fair consideration or reasonably equivalent value for the relevant Guarantee and the Guarantor was: (i) insolvent or rendered insolvent because of the relevant Guarantee; (ii) under-capitalized or became under-capitalized because of the relevant Guarantee; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;
- the relevant Guarantees were held to exceed the corporate objects of the Guarantor or not to be in the best interests or for the corporate benefit of the Guarantor; or
- the amount paid or payable under the relevant Guarantee was in excess of the maximum amount permitted under applicable law.

If a court were to find that the issue of the Notes or a Guarantee was a fraudulent conveyance or held it unenforceable for any other reason, the court could hold that the payment obligations under the Notes or such Guarantee are ineffective, or require the holders of the Notes to repay any amounts received with respect to the Notes or such Guarantee. In the event of a finding that a fraudulent conveyance occurred, you may cease to have any claim in respect of the relevant Guarantor and would be a creditor solely of the Issuer and, if applicable, of the other Guarantors under any Guarantees that have not been declared void.

See *"Insolvency Law and Limitations on Validity and Enforceability of Guarantees—England and Wales—Antecedent Transaction Laws"* for a more detailed summary of English insolvency regulations in respect of reviewable transactions.

There are circumstances other than repayment or discharge of the Notes under which the Guarantees will be released without your consent or the consent of the Trustee.

Under various circumstances, the Guarantees will be released automatically, without the consent of the Trustee and/or holders of the Notes, including:

- other than with respect to the Company's Guarantee, in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor, by way of merger, consolidation or otherwise, to a person that is not (either before or after giving effect to such transaction) the Company or a subsidiary of the Company;
- other than with respect to the Company's Guarantee, in connection with any sale or other disposition of capital stock of that Guarantor to a person that is not (either before or after giving effect to such transaction) the Company or a subsidiary of the Company, if such Guarantor ceases to be a subsidiary of the Company as a result of the sale or other disposition;
- with respect to any Guarantor (other than the Company) that is a guarantor or other obligor with respect to any indebtedness under any syndicated credit facility or any public debt, if that Guarantor ceases to be a guarantor or other obligor with respect to any such indebtedness;
- upon legal defeasance, covenant defeasance or satisfaction and discharge in accordance with the terms of the Indenture; or
- upon full and final repayment of the Notes.

For a full description of the circumstances in which the Guarantees will be released automatically, see *"Description of the Notes—Note Guarantees."*

You may not be able to recover in civil proceedings for U.S. securities law violations.

Certain of the Guarantors and certain of their respective subsidiaries are organized outside the United States. The directors and executive officers of certain Guarantors are non-residents of the United States and substantially all of their assets are located outside of the United States. Although the non-U.S. Guarantors will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the United States on these directors and executive officers. In addition, as the assets of certain Guarantors and their respective subsidiaries and those of their directors and executive officers are located outside of the United States, you may be unable to enforce judgments obtained in the U.S.

courts against them. Moreover, in light of decisions of the U.S. Supreme Court, actions of the non-U.S. Guarantors may not be subject to the civil liability provisions of the federal securities laws of the United States. See “*Service of Process and Enforcement of Judgment.*”

The limited covenants in the Indenture for the Notes and the terms of the Notes do not provide protection against some types of important corporate events and may not protect your investment.

The Indenture for the Notes will restrict, among other things, the Group’s ability to:

- create liens on assets to secure debt;
- enter into sale and leaseback transactions; and
- merge or consolidate with or into other entities.

The Indenture for the Notes will not:

- require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flow or liquidity and, accordingly, will not protect holders of the Notes in the event that we experience significant adverse changes in its financial condition or results of operations;
- limit our ability to incur indebtedness that is equal in right of payment to the Notes;
- restrict our ability to repurchase or prepay our securities; or
- restrict our ability to sell assets, make investments, repurchase capital stock or pay dividends or make other payments in respect of our ordinary shares or other securities ranking junior to the Notes.

Furthermore, the Indenture governing the Notes will contain only limited protections in the event of a change in control. We could engage in many types of transactions, such as certain acquisitions, refinancings or recapitalizations, that could substantially affect our capital structure and the value of the Notes.

We may not have the ability to raise the funds necessary to finance a change of control offer if required by the Indenture.

Upon the occurrence of a change of control, as defined in the Indenture, the Issuer will be required to make an offer to purchase the Notes at a price in cash equal to 101% of their aggregate principal amount, plus any accrued and unpaid interest and certain other amounts, to the date of repurchase. Upon a change of control, we may be required to offer to repurchase or repay our outstanding indebtedness, including the Notes. We cannot assure you that we would have sufficient resources to repurchase the Notes or repay our other indebtedness, if such debt is required to be repurchased or repaid, upon the occurrence of a change of control. In such circumstances, third-party financing most likely would be required in order to provide the funds necessary for the Issuer to make the change of control offer for the Notes and to refinance any other indebtedness that would become payable upon the occurrence of such events. We may not be able to obtain such additional financing on terms favourable to us or at all. Any failure by the Issuer to offer to purchase the Notes would constitute a default under the Indenture, which would, in turn, constitute a default under the Facilities Agreement, the indenture governing the 2021 Notes and certain other indebtedness. See “*Description of the Notes—Repurchase upon a Change of Control Triggering Event.*”

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger or other similar transaction involving us that may adversely affect you because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a “change of control” as defined in the Indenture. Except as described under “*Description of the Notes—Repurchase upon a Change of Control Triggering Event,*” the Indenture will not contain provisions that would require the Issuer to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

The term “all or substantially all” in the context of a change of control has no clearly established meaning under relevant laws and is subject to judicial interpretation such that it may not be certain that a change of control has occurred or will occur.

The definition of “change of control” in the Indenture will include a disposition of all or substantially all of the properties or assets of the Company and its subsidiaries taken as a whole to any person. Although there is a limited body of case law interpreting the phrase “all or substantially all” under New York law, there is no precise established definition of the phrase under applicable law, as it varies according to the facts and circumstances of the subject transaction and is subject to judicial interpretation. Accordingly, in certain circumstances there may

be a degree of uncertainty as to whether a particular transaction would involve a disposition of “all or substantially all” of the assets of the Company and its subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

An active trading market may not develop for the Notes, in which case your ability to transfer the Notes will be more limited.

The Notes are new securities for which there is currently no market. We cannot assure you as to the liquidity of any market that may develop for the Notes, the ability of holders of the Notes to sell them or the price at which holders of the Notes may be able to sell them. Furthermore, the Notes and the Guarantees will not have the benefit of any exchange or registration rights under the Securities Act. Although application has been made to the London Stock Exchange for the Notes to be admitted to trading on the International Securities Market, we cannot assure you that the Notes will become or remain listed. Although no assurance is made as to the liquidity of the Notes as a result of the admission to trading on the International Securities Market of the London Stock Exchange, failure to be approved for listing or the delisting of the Notes, as applicable, from the International Securities Market of the London Stock Exchange may have a material effect on a holder’s ability to resell the Notes in the secondary market.

The liquidity of any market for the Notes will depend on the number of holders of the Notes, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and our own financial condition, performance and prospects, as well as third-party recommendations. The Initial Purchasers have informed us that they intend to make a market in the Notes. However, they are not obligated to do so and may discontinue such market-making at any time without notice. As a result, we cannot assure you that an active trading market for the Notes will develop or, if one does develop, that it will be maintained. If no active trading market develops, you may not be able to resell your Notes at fair value, if at all.

Transfer of the Notes will be restricted, which may adversely affect the value of the Notes.

The Notes are being offered and sold pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws of the United States. The Notes have not been and will not be registered under the Securities Act or the securities laws of any jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. Therefore, you may not transfer or sell the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws, or pursuant to an effective registration statement, and you may be required to bear the risk of your investment in the Notes for an indefinite period of time.

The Notes and the Indenture will contain provisions that restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S, or other exemptions under the Securities Act. Furthermore, the Issuer has not registered the Notes under any other country’s securities laws. The Issuer has not undertaken to effect any exchange offer for the Notes or file a shelf-registration statement with respect to the Notes. You should read the discussions in “*Notice to Investors*” for further information about these and other transfer restrictions. It is your obligation to ensure that your offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See “*Notice to Investors*” and “*Book-Entry, Delivery and Form*”.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time. Negative changes in our credit rating may have a material adverse effect on our financial condition.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of such Notes, which could have a material adverse effect on our business, financial condition and results of operations.

A downgrade in our credit rating may negatively affect our ability to obtain future financing to fund our operations and capital needs, which may affect our liquidity. It may also increase our financing costs by increasing the interest rates of our outstanding debt or the interest rates at which we are able to refinance existing debt or incur additional

debt. Our credit rating may be impacted by a number of factors, including the effects of the economic conditions in the countries in which we operate and any future rating downgrades of the sovereign debt of these countries.

If the Notes are redeemed early, an investor may not be able to reinvest such proceeds in a comparable security.

The Notes may be redeemed at the Issuer's option, upon giving prior notice and subject to the satisfaction of certain conditions under the Indenture, prior to the maturity date. In the event that the Notes are redeemed early in accordance with the optional redemption provisions contained in the Indenture and depending on prevailing market conditions at the time, an investor who receives proceeds due to such an early redemption may not be able to reinvest such proceeds in a comparable security at an effective interest rate as high as that carried by the Notes. See "*Description of the Notes—Optional Redemption.*"

You may face foreign exchange risks by investing in the Notes.

The Notes will be denominated and payable in U.S. dollars. If you measure your investment returns by reference to a currency other than the U.S. dollar, an investment in the applicable Notes will entail foreign exchange related risks due to, among other factors, possible significant changes in the value of the U.S. dollar, relative to the currency by reference to which you measure the return on your investments because of economic, political and other factors over which we have no control. Depreciation of the U.S. dollar against the currency by reference to which you measure the return on your investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure the return on your investments. There may be tax consequences for you as a result of any foreign exchange gains resulting from an investment in the Notes. You should consult your tax advisor concerning the tax consequences to you of acquiring, holding and disposing of the Notes. See "*Tax Considerations.*"

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights or remedies.

Unless and until the Notes are in definitive registered form, or Definitive Registered Notes are issued in exchange for Book-Entry Interests (each as defined in "*Book-Entry; Delivery and Form*") (which may occur only in very limited circumstances), owners of Book-Entry Interests will not be considered owners or holders of Notes. DTC, or its nominee, will be the sole registered holder of the Global Notes (each as defined in "*Book-Entry; Delivery and Form*"). After payment to DTC, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of Book-Entry Interests. Accordingly, if you own a Book-Entry Interest in the Notes, you must rely on the procedures of DTC and if you are not a participant in DTC, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of Book-Entry Interests will not have any direct rights to act upon any solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from DTC. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any matters or on a timely basis. Similarly, upon the occurrence of an event of default under the Indenture, unless and until Definitive Registered Notes are issued, if you own a Book-Entry Interest, you will be restricted to acting through DTC. We cannot assure you that the procedures to be implemented through DTC will be adequate to ensure the timely exercise of rights under the Notes. See "*Book-Entry; Delivery and Form.*"

The Notes may not be a suitable investment for all investors.

Each potential investor in the Notes must determine the suitability of such investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Memorandum;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;

- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets;
- be able to evaluate (either alone or with the help of a financial advisor) possible economic and interest rate scenarios and other factors that may affect its investment and its ability to bear the applicable risks; and
- understand the accounting, legal, regulatory and tax implications of a purchase, holding and disposal of an interest in the relevant Notes.

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as standalone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial advisor) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio. The investment activities of investors are subject to applicable investment laws and regulations and/or review and regulation by certain authorities and each potential investor should consult its legal advisors or the applicable regulators.

In addition, the market value of the Notes may fluctuate for a number of reasons including due to prevailing market conditions, current interest rates and the Group's perceived creditworthiness. Any perceived threat of the Group's insolvency or other financial difficulties or a less favourable outlook in the industry in which we operate could result in a downgrade of ratings and/or a decline in market value of the Notes.

The Indenture will not be qualified under the U.S. Trust Indenture Act of 1939, as amended.

The Indenture with respect to the Notes offered hereby will not be required to, and will not be, qualified under the U.S. Trust Indenture Act of 1939, as amended (the "TIA") and will not incorporate or include and will not be subject to any of the provisions of the TIA. Consequently, the holders of Notes are not entitled to the protections provided under the TIA to holders of debt securities issued under a qualified indenture, including those respecting preferential collections by the trustee or conflicting interests of the trustee. See "*Description of the Notes.*"

Payments in respect of the Notes to German tax resident holders of the Notes may be subject to German withholding tax.

Amounts paid in respect of the Notes (in particular interest on the Notes) to German tax resident holders of the Notes may, under the current laws and regulations of Germany, be subject to German withholding tax and solidarity surcharge at an aggregate rate of 26.375% if a German credit institution, financial service institution or securities institution (in each case including a German branch of a foreign institution but excluding foreign branches of a German institution) safekeeps or administers the Notes and pays or credits the amounts to the German tax resident holder.

Whilst the Issuer may generally be required to pay additional amounts so that the net amounts received after such withholding tax are the same as would have been received had no such withholding tax been imposed, the provisions of the Notes may provide for exceptions from this requirement to pay additional amounts in the cases concerning German withholding tax (and solidarity surcharge) mentioned above. Consequently, there is a risk that no additional amounts have to be paid by the Issuer and that payments made by the Issuer will be reduced by the applicable German withholding tax (and solidarity surcharge). We cannot assure you that any form of relief (including advance relief, refund or credit) under an applicable double tax treaty or applicable domestic law will be available, nor can we assure you that an applicable double tax treaty will not be renegotiated between the applicable countries, reinterpreted by the local tax authorities or terminated, thereby reducing or eliminating the benefits of the double tax treaty.

The Notes may be issued with original issue discount for U.S. federal income tax purposes.

If the stated principal amount of the Notes exceeds their issue price by an amount at least equal to a statutorily defined *de minimis* amount, then the Notes will be considered to be issued with original issue discount ("OID") for U.S. federal income tax purposes in an amount equal to such excess. If the Notes are issued with OID, then, in addition to the stated interest on a Note, a U.S. Holder (as defined below in "*Tax Considerations—Certain U.S. Federal Income Tax Considerations*") would be required to include such OID in gross income (as ordinary income) as it accrues on a constant yield basis for U.S. federal income tax purposes in advance of the receipt of cash payments to which such OID is attributable and regardless of such U.S. Holder's regular method of accounting for

U.S. federal income tax purposes. See “*Tax Considerations—Certain U.S. Federal Income Tax Considerations*” below for more information.

USE OF PROCEEDS

The gross proceeds from the sale of the Notes are expected to be \$498,085,000.

The Issuer intends to use the gross proceeds of the Offering to refinance existing debt, including to prepay the Term Loan in full, prepay a portion of the Revolving Credit Facility and pay related fees and expenses, and for other general corporate purposes.

Certain of the Initial Purchasers or certain of their affiliates have been appointed as arrangers, agents or lenders under the Facilities Agreement and therefore will receive a portion of the proceeds of this Offering as a result of the prepayment of the Term Loan and the Revolving Credit Facility.

CAPITALISATION

The following table sets forth the consolidated cash and cash equivalents and capitalisation of the Company as at 30 June 2025 (i) on a historical consolidated basis and (ii) on an as adjusted basis to give effect to the Refinancing as if it had occurred on 30 June 2025. The historical consolidated financial information has been derived from the Interim Condensed Consolidated Financial Statements included elsewhere in this Offering Memorandum.

The following table should be read in conjunction with “*Use of Proceeds*,” “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*,” “*Description of the Notes*,” “*Description of Other Indebtedness*” and “*Presentation of Financial and Other Information*,” as well as the Interim Condensed Consolidated Financial Statements included elsewhere in this Offering Memorandum.

	As at 30 June 2025	As adjusted for the Refinancing ⁽¹⁾
	(\$ millions)	
Cash and cash equivalents	95.7	95.7
Debt (including current portion)		
Revolving Credit Facility ⁽²⁾	519.9	278.1
Term Loan ⁽²⁾	250.0	-
2021 Notes ⁽³⁾	500.0	500.0
Notes offered hereby ⁽⁴⁾	-	500.0
Total borrowings ⁽⁵⁾	1,269.9	1,278.1
Total equity	1,811.2	1,811.2
Total capitalisation ⁽⁶⁾	3,081.1	3,089.3

- (1) As adjusted for the refinancing of existing debt, including prepayment of the Term Loan in full, prepayment of \$241.8 million of the Revolving Credit Facility and payment of related fees and expenses. Actual amounts may vary from the estimated amounts shown above as adjustments for the Refinancing depend on several factors, including the timing of the Refinancing, differences between estimated and actual fees and expenses, differences in exchange rates and interim debt repayments.
- (2) The historical data in the actual column for the Revolving Credit Facility and the Term Loan represent total interest-bearing borrowings, which is the aggregate principal amount outstanding as at 30 June 2025, excluding unamortised facility fees, using foreign exchange rates as of 30 June 2025. The figures in the adjusted column represent total interest-bearing borrowings as adjusted for the prepayment of the Term Loan in full and prepayment of \$241.8 million of the Revolving Credit Facility.
- (3) Represents the aggregate principal amount of 2021 Notes outstanding as at 30 June 2025, excluding unamortised issues costs.
- (4) Represents the aggregate principal amount of the Notes offered hereby.
- (5) Excludes the non-recourse receivables facility between Unomedical A/S, a wholly-owned subsidiary of the Company, and HSBC Invoice Finance (UK) Limited.
- (6) Total capitalisation comprises total borrowings (including current portion) and total equity.

SELECTED FINANCIAL INFORMATION

The following tables, which present the Group's selected historical financial information as at and for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, should be read in conjunction with "Presentation of Financial and Other Information," "Use of Proceeds," "Capitalisation," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements of the Group and related notes for the indicated periods included elsewhere in this Offering Memorandum.

Selected Consolidated Income Statement

The table below sets out the summary consolidated income statement for the Group for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2022 ⁽¹⁾	2023	2024	2024	2025
	(\$ millions)				
Revenue	2,072.5	2,142.4	2,289.2	1,113.4	1,179.9
Cost of sales	(968.6)	(941.8)	(1,005.6)	(490.3)	(523.3)
Gross profit	1,103.9	1,200.6	1,283.6	623.1	656.4
Selling and distribution expenses	(575.9)	(612.5)	(645.2)	(322.1)	(327.2)
General and administrative expenses	(214.9)	(212.9)	(195.0)	(97.8)	(98.3)
Research and development expenses	(92.0)	(110.0)	(111.7)	(54.0)	(53.5)
Other operating (expenses)/income	(13.8)	(2.5)	(6.8)	-	1.8
Operating profit	207.3	262.7	324.9	149.2	179.2
Finance income	5.5	5.2	4.8	2.6	1.4
Finance expense	(57.6)	(80.7)	(82.9)	(42.8)	(33.6)
Fair value movement of contingent consideration	(45.1)	(24.6)	(4.6)	(4.7)	(4.8)
Non-operating income/(expense), net	(28.2)	4.8	3.7	(0.3)	(4.8)
Profit before income taxes	81.9	167.4	245.9	104.0	137.4
Income tax expense	(19.0)	(37.1)	(55.4)	(25.4)	(32.6)
Net profit	62.9	130.3	190.5	78.6	104.8

- (1) Certain line items in the Consolidated Income Statement for the year ended 31 December 2022 have been re-presented for consistency and comparability within periods. The financial information for the year ended 31 December 2022 has been extracted from the comparative figures included in the 2023 Consolidated Financial Statements. The fair value movement of contingent consideration is now presented separately as its own line item in the Group's income statement. In 2022, the fair value movement of contingent consideration (\$45.6 million) includes \$15.6 million that was previously included within finance expense and \$29.5 million that was previously included within non-operating income/(expense), net. See Note 1.6 – prior year re-presentations in the 2023 Consolidated Financial Statements.

Selected Consolidated Statement of Financial Position

The table below sets out the consolidated statement of financial position for the Group as at the dates indicated.

	As at 31 December			As at 30 June
	2022 ⁽¹⁾	2023 ⁽²⁾	2024	2025
	(\$ millions)			
Assets				
Non-current assets				
Property, plant and equipment	400.4	473.8	502.6	594.0
Right-of-use assets	79.4	74.7	67.5	67.5
Intangible assets	924.9	935.3	805.9	759.3

	As at 31 December			As at 30 June
	2022 ⁽¹⁾	2023 ⁽²⁾	2024	2025
	(\$ millions)			
Goodwill	1,224.6	1,298.8	1,290.2	1,359.9
Investment in financial assets.....	30.7	22.9	16.9	15.7
Deferred tax assets	26.6	21.2	22.7	23.2
Derivative financial assets.....	0.2	-	-	0.2
Restricted cash	7.3	5.3	3.4	4.5
Other non-current receivables	8.6	11.7	12.5	13.2
	2,702.7	2,843.7	2,721.7	2,837.5
Current assets				
Inventories.....	336.9	396.1	349.6	381.1
Trade and other receivables.....	339.3	333.7	335.0	402.6
Current tax receivable	24.7	16.5	16.8	22.4
Derivative financial assets.....	26.4	13.6	18.4	23.6
Restricted cash	18.2	12.5	8.8	8.6
Cash and cash equivalents.....	143.8	97.6	64.7	95.7
	889.3	870.0	793.3	934.0
Total assets.....	3,592.0	3,713.7	3,515.0	3,771.5
Equity and liabilities				
Current liabilities				
Trade and other payables.....	346.6	388.7	382.7	369.0
Lease liabilities.....	20.3	20.7	22.0	15.4
Current tax payable	33.5	26.6	31.9	30.5
Derivative financial liabilities	32.5	16.7	18.1	29.2
Contingent consideration.....	-	69.7	53.3	32.2
Provisions.....	100.2	14.0	4.3	2.5
	533.1	536.4	512.3	478.8
Non-current liabilities				
Borrowings.....	1,211.9	1,226.9	1,122.8	1,260.8
Lease liabilities.....	68.0	64.8	56.8	63.7
Deferred tax liabilities.....	83.2	88.2	82.7	93.6
Contingent consideration.....	-	68.3	17.0	22.7
Provisions.....	53.1	3.0	3.5	3.5
Derivative financial liabilities	0.3	0.9	0.3	-
Other non-current payables	32.7	32.5	30.7	37.2
	1,449.2	1,484.6	1,313.8	1,481.5
Total liabilities	1,982.3	2,021.0	1,826.1	1,960.3
Net assets	1,609.7	1,692.7	1,688.9	1,811.2

- (1) Certain line items in the Consolidated Statement of Financial Position for the year ended 31 December 2022 have been re-presented for consistency and comparability within periods. The financial information for the year ended 31 December 2022 has been extracted from the comparative figures included in the 2023 Consolidated Financial Statements. Intangible assets of \$924.9 million and goodwill of \$1,224.6 million are now disclosed separately and the current tax receivable of \$24.7 million is disclosed separately from trade and other receivables. See Note 1.6 – prior year re-presentations in the 2023 Consolidated Financial Statements.
- (2) Certain line items in the Consolidated Statement of Financial Position for the year ended 31 December 2023 have been re-presented for consistency and comparability within periods. The financial information for the year ended 31 December 2023 has been extracted from the comparative figures included in the 2024 Consolidated Financial Statements. Contingent consideration of \$138.0 million (of which \$69.7 million was current and \$68.3 million was non-current) at 31 December 2023 is now disclosed separately. See Note 1.6 – prior year re-presentations in the 2024 Consolidated Financial Statements.

Selected Consolidated Cash Flow Statement Information

The table below sets out the summarised consolidated cash flow statement data for the Group for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	(\$ millions)				
Cash flows from operating activities					
Net profit	62.9	130.3	190.5	78.6	104.8
Adjustments for					
Depreciation of property, plant and equipment ..	39.7	37.5	40.6	20.0	20.6
Depreciation of right-of-use assets	22.1	22.7	23.2	11.4	11.6
Amortisation of intangible assets	147.4	154.6	157.0	78.3	78.5
Income tax expense	19.0	37.1	55.4	25.4	32.6
Non-operating (income)/expenses, net	26.5	(11.5)	5.1	1.8	6.9
Fair value movement of contingent consideration.....	45.1	24.6	4.6	4.7	4.8
Finance costs, net.....	52.1	75.5	78.1	40.2	32.2
Share-based payments	16.7	14.6	19.8	9.3	10.5
Impairment/write-off of intangible assets.....	6.3	-	0.9	0.2	-
Impairment of property, plant and equipment ...	9.2	2.7	6.5	0.2	(1.0)
Impairment of right-to-use assets	-	1.9	0.3	-	-
Change in assets and liabilities:					
Inventories	(36.3)	(49.4)	27.5	6.7	(1.5)
Trade and other receivables.....	(54.3)	18.7	(26.9)	(29.0)	(41.5)
Derivative financial assets	(9.3)	11.5	-	-	-
Other non-current receivables.....	3.0	(1.1)	-	(0.2)	(0.6)
Restricted cash.....	(11.8)	7.8	0.2	0.8	(0.4)
Trade and other payables.....	14.7	21.1	1.2	(56.5)	(38.4)
Derivative financial liabilities.....	20.7	-	-	-	-
Provisions	9.8	4.8	(9.8)	(4.9)	(2.6)
Other non-current payables	1.0	(1.3)	1.3	1.5	2.3
Net cash generated from operations	384.5	490.6	575.5	188.5	218.8
Interest received.....	5.5	5.2	5.4	2.6	1.4
Interest paid	(55.4)	(70.8)	(84.5)	(45.1)	(38.5)
Payment of contingent consideration arising from acquisitions	-	(21.7)	(48.1)	(48.1)	(1.9)

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	(\$ millions)				
Income taxes paid	(52.9)	(35.9)	(52.1)	(24.4)	(24.8)
Net cash generated from operating activities	281.7	367.4	396.2	73.5	155.0
Cash flows from investing activities					
Acquisition of property, plant and equipment and intangible assets	(144.2)	(129.2)	(122.1)	(50.6)	(68.9)
Proceeds from sale of property, plant and equipment and other assets	-	0.6	2.7	0.3	-
Acquisitions, net of cash acquired	(123.3)	(84.4)	(13.6)	-	0.7
Payment of contingent consideration arising from acquisitions	(50.0)	(73.0)	(22.8)	(22.8)	(25.0)
Net cash (outflow)/inflow arising from divestiture	(0.1)	0.3	-	-	-
Investment in other financial assets	(30.7)	-	(5.0)	-	-
Net cash used in investing activities	(348.3)	(285.7)	(160.8)	(73.1)	(93.2)
Cash flows from financing activities					
Repayment of borrowings	(842.5)	-	(98.0)	-	-
Proceeds from borrowings	714.2	9.4	-	105.3	120.9
Realised loss on settlement of FX derivatives ...	nil	nil	nil	nil	(17.6)
Payment of lease liabilities	(20.7)	(22.7)	(24.7)	(12.1)	(12.2)
Purchase of own shares	-	-	(10.9)	-	(22.4)
Dividend paid	(88.1)	(110.7)	(130.2)	(91.5)	(100.8)
Net cash (used in)/generated from financing activities	(237.1)	(124.0)	(263.8)	1.7	(32.1)
Net change in cash and cash equivalents	(303.7)	(42.3)	(28.4)	2.1	29.7
Cash and cash equivalents at beginning of the year/period	463.4	143.8	97.6	97.6	64.7
Effect of exchange rate changes on cash and cash equivalents	(15.9)	(3.9)	(4.5)	(2.8)	1.3
Cash and cash equivalents at end of the year/period	143.8	97.6	64.7	96.9	95.7

- (1) Certain line items in the Consolidated Statement of Cash Flows for the year ended 31 December 2022 have been re-presented for consistency and comparability within periods. The financial information for the year ended 31 December 2022 has been extracted from the comparative figures included in the 2023 Consolidated Financial Statements. Trade and other payables and other non-current payables have been re-presented to separately disclose the cash impact of movements in provisions of \$9.8 million. See Note 1.6 – prior year re-presentations in the 2023 Consolidated Financial Statements.
- (2) Certain line items in the Consolidated Statement of Cash Flows for the year ended 31 December 2023 have been re-presented for consistency and comparability within periods. The financial information for the year ended 31 December 2023 has been extracted from the comparative figures included in the 2024 Consolidated Financial Statements. The non-operating income for the year ended 31 December 2023 has been re-presented to be disclosed net of unrealised losses on derivatives of \$1.9 million. See Note 1.6 – prior year re-presentations in the 2024 Consolidated Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition and results of operations is intended to convey management's perspective on the Group's operating performance and financial condition during the periods under review, as measured in accordance with IFRS Accounting Standards and other relevant measures. This disclosure is intended to assist readers in understanding and interpreting the Interim Condensed Consolidated Financial Statements and the Consolidated Financial Statements included elsewhere in this Offering Memorandum. The discussion should be read in conjunction with the Interim Condensed Consolidated Financial Statements and the Consolidated Financial Statements included elsewhere in this Offering Memorandum, and "Presentation of Financial and Other Information."

This section includes certain financial measures that are not required by or presented in accordance with IFRS Accounting Standards because management believes they provide investors with useful additional information to measure the Group's performance, liquidity or capital expenditures. For more information on the definition and calculation of these Non-IFRS Measures and, where relevant, a reconciliation to the Group's reported historical financial information presented on an IFRS Accounting Standards basis, please see "Presentation of Financial and Other Information—Non-IFRS Financial Measures." These Non-IFRS Measures have important limitations as analytical tools. As some of these measures are not determined in accordance with IFRS Accounting Standards, and are thus susceptible to varying calculations, they may not be comparable with other similarly titled measures of performance of other companies.

The following discussion contains forward-looking statements. These forward-looking statements are based on the Group's current projections and expectations which management considers reasonable about future events. The Group's actual results may differ materially from those anticipated in these forward-looking statements as a result of many important factors, including those set forth in the Risk Factors section in this Offering Memorandum. See "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors."

Certain figures contained in this discussion and analysis of financial condition and results of operations, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, (i) the sum or percentage change of the numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row.

Overview

Convatec is an innovative global medical products and technologies company, focused on solutions for the management of chronic conditions. The Company has leading positions in Advanced Wound Care, Ostomy Care, Continence Care and Infusion Care. It provides products and services in approximately 90 countries and has more than 10,000 employees. The Group's solutions provide a range of clinical and economic benefits, including infection prevention, protection of at-risk skin, improved patient outcomes and reduced total costs of care.

The Group operates across four major market categories, supporting patients living with long-term chronic conditions:

- **Advanced Wound Care.** Advanced Wound Care provides advanced dressings for the management of acute and chronic wounds resulting from ongoing conditions, such as diabetes, and acute conditions resulting from traumatic injury and burns. Advanced Wound Care had \$743 million of revenue in 2024, representing 32% of the Group's total revenue.
- **Ostomy Care.** Ostomy Care provides devices, accessories and services for people with a stoma (a surgically created opening where bodily waste is discharged), commonly resulting from causes such as colorectal cancer, bladder cancer, inflammatory bowel disease and trauma. Ostomy Care had \$634 million of revenue in 2024, representing 28% of the Group's total revenue.
- **Continence Care.** Continence Care provides products and services for people with urinary continence issues related to spinal cord injury, neurological disease, prostate enlargement or other causes. Continence Care had \$501 million of revenue in 2024, representing 22% of the Group's total revenue.
- **Infusion Care.** Infusion Care provides disposable infusion sets used with insulin pumps for diabetes or with continuous infusion treatments for conditions such as Parkinson's disease. Infusion Care had \$411 million of revenue in 2024, representing 18% of the Group's total revenue.

The following tables set out the Group's reported revenue, the Group's reported revenue growth, the Group's constant currency revenue growth and the Group's organic revenue growth by market category. Constant currency

revenue growth and organic revenue growth are non-IFRS measures. For further information on reported revenue growth and organic revenue growth, see “—Key Performance Indicators” below.

	Six months ended 30 June 2024	Six months ended 30 June 2025	Reported growth/ (decline)	Foreign exchange impact	Constant currency growth/ (decline)	Impact of acquisitions and disposals	Organic growth/ (decline)
	(\$ millions)		%	%	%	%	%
Revenue by category							
Advanced Wound Care excluding InnovaMatrix.....	314.8	327.6	4.1	(0.4)	4.5	0.2	4.3
Ostomy Care.....	311.1	326.5	4.9	(0.4)	5.3	0.6	4.7
Continence Care	242.6	259.4	7.0	-	7.0	0.3	6.7
Infusion Care	199.5	227.1	13.7	(0.4)	14.1	-	14.1
Group revenue excluding InnovaMatrix and hospital care exit ...	1,068.0	1,140.6	6.8	(0.3)	7.1	0.3	6.8
InnovaMatrix revenue ..	45.2	39.3	(13.1)	-	(13.1)	-	(13.1)
Hospital care and related industrial sales ⁽¹⁾	0.2	nil	n/a	n/a	n/a	n/a	n/a
Revenue	1,113.4	1,179.9	6.0	(0.3)	6.3	0.3	6.0

	Year ended 31 December 2023	Year ended 31 December 2024	Reported growth/ (decline)	Foreign exchange impact/ (decline)	Constant currency growth	Organic growth
	(\$ millions)		%	%	%	%
Revenue by category						
Advanced Wound Care.....	695.3	742.7	6.8	(0.6)	7.4	7.4
Ostomy Care.....	608.3	634.0	4.2	(1.4)	5.6	5.3
Continence Care	457.2	501.4	9.7	(0.1)	9.8	8.3
Infusion Care	370.9	410.9	10.8	(0.4)	11.2	11.2
Revenue excluding hospital care exit	2,131.7	2,289.0	7.4	(0.7)	8.1	7.7
Hospital care and related industrial sales ⁽¹⁾	10.7	0.2	(98.1)	n/a	n/a	n/a
Revenue	2,289.2	2,142.4	6.9	(0.7)	7.6	7.7

(1) Reflects the Company’s exit from hospital care and related industrial sales in 2022. For further discussion, see “Summary—Overview.”

Key Performance Indicators

The Group monitors several KPIs to track the financial and operating performance of its business. These measures are derived from the Group’s internal financial systems. Because some of these measures are not determined in accordance with IFRS Accounting Standards or any other generally accepted accounting principles and are thus susceptible to varying calculations, they may not be comparable with other similarly titled measures of performance of other companies.

The table below presents the Group’s revenue on a reported basis, the period-on-period revenue growth on both a reported and organic basis, adjusted operating profit margin, adjusted diluted EPS growth and adjusted free cash flow to equity growth. For more information on the definition and calculation of these metrics, including a reconciliation to the Group’s reported historical financial information prepared on an IFRS Accounting Standards basis, where relevant, please see “Presentation of Financial and Other Information—Non-IFRS Financial

Measures”, “Presentation of Financial and Other Information—Constant Currency and Organic Revenue Growth” and “Summary Financial and Other Information—Other Financial and Operating Data.”

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	(\$ million, unless otherwise indicated)				
Revenue	2,072.5	2,142.4	2,289.2	1,113.4	1,179.9
Revenue growth	1.7%	3.4%	6.9%	5.5%	6.0%
Organic revenue growth ⁽¹⁾	5.6%	7.2%	7.7%	6.6%	6.0% ⁽⁵⁾
Adjusted operating profit margin ⁽²⁾	19.5%	20.2%	21.2%	20.0%	21.3%
Adjusted diluted EPS growth ⁽³⁾	(3.1)%	6.1%	13.7%	(0.2)%	18.7%
Adjusted free cash flow to equity growth ⁽⁴⁾	n/a	116.8%	32.2%	490.7%	1.6%

(1) In this table, organic revenue growth is calculated based on the revenue growth at constant currency, which is calculated by applying the applicable prior period average exchange rates to the Group’s actual performance in the respective period, and adjusted for acquired and disposed/discontinued businesses. For a description of how the Group calculates organic revenue growth, see “Presentation of Financial and Other Information—Constant Currency and Organic Revenue Growth.”

(2) Adjusted operating profit margin is defined as Adjusted operating profit divided by revenue. Adjusted operating profit is defined as operating profit adjusted for items that management believes are not related to the underlying performance of the Group. For a reconciliation of Adjusted operating profit to the Group’s reported financial information, please see “Summary Financial and Other Information—Other Financial and Operating Data.”

(3) Adjusted diluted EPS is calculated as adjusted diluted EPS for the current period less adjusted diluted EPS for the prior year, divided by the prior year adjusted diluted EPS. The following table presents the reconciliation of reported basic and diluted earnings per share to adjusted EPS.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	(\$ million unless indicated otherwise)				
Net profit attributable to the shareholders of the Group	62.9	130.3	190.5	78.6	104.8
Adjusted net profit attributable to the shareholders of the Group	256.8	274.1	312.4	139.1	164.6
Basic weighted average ordinary shares in issue	2,024	2,039	2,048	2,048	2,044
Diluted weighted average ordinary shares in issue	2,040	2,053	2,057	2,056	2,052
Basic EPS (cents)	3.1¢	6.4¢	9.3¢	3.8¢	5.1¢
Diluted EPS (cents)	3.1¢	6.3¢	9.3¢	3.8¢	5.1¢
Adjusted basic EPS (cents)	12.7¢	13.4¢	15.3¢	6.8¢	8.1¢
Adjusted diluted EPS (cents)	12.6¢	13.4¢	15.2¢	6.8¢	8.0¢

(4) Adjusted free cash flow to equity is defined as cash generated from operations adjusted for the effects of certain cash items that management believes are not related to the underlying performance of the Group and net of additions to property, plant and equipment and intangible assets and tax paid. For a reconciliation of adjusted free cash flow to equity to the Group’s reported financial information, please see “Summary Financial and Other Information—Other Financial and Operating Data.”

(5) Includes InnovaMatrix. The organic revenue growth of the Group’s revenue excluding InnovaMatrix for the six months ended 30 June 2025 compared to the Group’s revenue excluding InnovaMatrix for the six months ended 30 June 2024 was 6.8%. For additional discussion regarding InnovaMatrix, see “Management’s Discussion and Analysis of Financial Condition and Results of Operation—Advanced Wound Care” and “Business Description—Local Coverage Determinations impacting InnovaMatrix.”

Significant Factors Affecting the Group's Results of Operations

Structural trends

Three global healthcare megatrends drive structural growth and demand for Convatec's solutions:

- **Increased Life Expectancy and Ageing Populations.** Average life expectancy has grown from 47 years in 1950 to 72 years in 2022, based on data from the United Nations. Further, the global population over the age of 65 is expected to grow from 800 million in 2020 to 1.6 billion in 2060, based on data from the United Nations.
- **Chronic Conditions are Increasing.** As people live longer, the prevalence and cost of chronic disease continues to grow. One in three adults globally is affected by chronic conditions (cardiovascular disease, cancer and diabetes).
- **Improving Access to Healthcare in Emerging Markets.** Ageing populations, rising per-capita gross domestic product (GDP) and urbanisation are expected to drive strong healthcare demand in emerging markets. This demand is expected to outpace overall GDP growth in emerging economies and healthcare spending growth in developed countries. According to World Bank data, in 2019 healthcare spending in emerging markets was 5.2% of GDP, compared to 12.5% of GDP in OECD countries and 16.8% of GDP in the United States.

Competitive environment

In the markets in which it operates, the Group competes with both small companies and large, diversified companies with significant segment share. The Group competes with these parties on a range of factors, including product technology, consumer engagement, sales and marketing, and price.

Innovation and product development

The Group's business strategy relies significantly on developing innovative products within its existing four categories of care that address unmet customer needs and differentiate the Group and its product offering from its competitors. The Group holds an extensive portfolio of patents and trademarks across its key market categories and geographies, with over 300 active patent families and more than 2,650 patents and patent applications (on a provisional and non-provisional basis) globally. The Group continually works to establish and maintain its rights and to assess and mitigate risks with respect to intellectual property. In addition to new product development, the Group strives to optimise the life cycles of products in the Group's existing portfolio by enhancing features and leveraging technologies across its market categories. Sustainable innovation in the Group's product and development pipeline is fundamental to future growth, as is the ability to respond to disruptive new technologies, changing customer behaviour, requirements, and demand. A failure to invest in and develop safe, effective, profitable long-life products to meet market needs and fill unmet medical needs or maintain sufficient intellectual property protection, could result in lost segment share, underperformance and a lack of confidence in the Group's operational integrity to deliver in line with expectations.

Between 2022 and 2024, the Group delivered a number of product line extensions and new products which supported the Group's Constant currency revenue growth, including: InnovaMatrix in the U.S. (which is also starting to launch in Latin America); Esteem Body in the U.S. and key European markets; ConvaFoam in the U.S. and key European markets; GentleCath Air for Women in the U.S. and key European markets; an infusion set for the new Beta Bionics iLet Bionic Pancreas system; an extended wear infusion set in the U.S. for the Medtronic 780G pump; an infusion set for the new Tandem Mobi pump; and the Neria Guard infusion set for AbbVie's Parkinson's therapy.

Prior to 2020, the Group historically underinvested in research and development as compared to its competitors. In 2020, the Group conducted a review of its research and development function, which resulted in the creation of a new "Technology and Innovation" function and the establishment of an innovation centre in Boston. The Group also significantly increased its R&D expenditure in 2020. R&D expenditure during the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 was \$92.0 million, \$110.0 million, \$111.7 million, \$54.0 million and \$53.5 million, or 4.4%, 5.1%, 4.9%, 4.9% and 4.5% as a percentage of revenue, respectively.

The Group currently has an innovation pipeline that spans across all of its categories, which consists of projects and programmes in different stages of R&D. The Group expects to continue to supplement its internal development efforts with targeted acquisitions and investments to further enhance its existing product platforms and identify

innovative technologies and products in relevant areas of its business where the Group sees opportunities for maintaining or accelerating commercial growth.

Healthcare services reimbursement and pricing

The Group is subject to government regulations, reimbursement policies and healthcare cost-containment programmes in many of the countries in which it operates. Reform to healthcare services reimbursement, combined with government austerity programmes instituted following the 2007 to 2009 global recession, have generally been accelerated in an effort to control overall healthcare spending, and have affected the manner in which healthcare services and products are dispensed and reimbursed. National healthcare systems have sought ways to limit cost increases, an example being in the United States, where many of the Group's customers have joined group purchasing organisations in an effort to contain costs.

These trends have placed downward pressure on the prices of many of the Group's products while also requiring expanded products and support offerings that can provide improved patient outcomes and cost-effective benefits to patients. While these developments have resulted in modest ongoing pricing pressure across the Group's products during the historical period, this has been offset by manufacturing efficiencies, product innovation and volume growth, as reflected in the Group's adjusted operating profit CAGR between 2022 and 2024 of 10.1%.

Regulatory environment

The Group incurs costs as a result of legal and regulatory requirements applicable to the Group's products and manufacturing processes. The manufacture and sale of medical devices and related products across jurisdictions also exposes the Group to the risk of litigation, in the ordinary course of business, from time to time, particularly product liability claims, which can result in costs which impact the Group's profitability. A failure to absorb any cost increase, fulfil emerging obligations or produce products and packaging that meet stringent customer and environmental criteria, or operate inadequate manufacturing and quality system procedures could result in the Group's inability to supply or a requirement to recall a product, with the potential for patient class actions and individual patient liability claims.

Many of the Group's products necessitate complex manufacturing processes, requiring adherence to demanding specifications. From time to time, the Group is required to recall products in situations in which a material deficiency in a device is found. Such recalls, whether initiated on a voluntary basis or required by government order, can result in a range of adverse consequences to the Group, including lost sales, reduced prices, the requirement to hold increased inventories of substitute products, loss of segment share to competitors and the direct costs of implementing any recall. In the historical period, the Group's results were not materially impacted by any global recall that the Group initiated.

The Group also incurs costs directly arising from government regulatory action, including in relation to remediation efforts following government and regulatory action taken in respect of the Group. The Group had no remediation costs recorded in R&D expenses in the periods under review. In the EU, the MDR, which was published in 2017 and which came into effect in May 2021, replaced the EU Medical Device Directive. The MDR imposed increased compliance obligations on the Group and affects all markets in the EU and other regions that align their product registrations to EU requirements. The Company continues to review and improve its quality system to increase efficiency and ensure regulatory compliance.

International and foreign exchange

The Group markets its products in around 90 countries with seven manufacturing sites in six countries—the United Kingdom, Denmark, the United States, the Dominican Republic, Mexico and Slovakia. Due to the global nature of the Group's business, revenue and expenses are influenced by foreign exchange movements. Increases or decreases in the value of the U.S. dollar compared to other currencies will affect the Group's reported results as the Group translates those currencies into U.S. dollars. As a result, the Group's reported results are strongly impacted by currency exchange movements. The Group also incurs costs related to changes in costs of goods and services as a result of changes in currency value which impact the underlying profitability of the Group.

Operating expenses are split by currency in broadly similar ratios as revenue. Group EBITDA is generated mostly in U.S. dollars and euros with the remainder across several other currencies. The expenses of the Group's United Kingdom-based manufacturing and R&D operations combined with its in-market sales, marketing and R&D organisations plus head office facilities generally result in a modest offset impact of pound sterling on Group EBITDA.

The Group has presented certain financial information from its income statement using a constant currency translation of non-U.S. dollar amounts into U.S. dollars to enable investors to compare the Group's period-to-period performance. Such constant currency financial information has been calculated by applying the applicable

prior period average exchange rates to the Group's actual performance for the years ended 31 December 2022, 2023 and 2024 and for the six months ended 30 June 2024 and 2025. For more detail, see "*Presentation of Financial and Other Information—Constant Currency and Organic Revenue Growth*." The measures presented on a constant currency basis should not be considered in isolation or as an alternative to the measures presented on a reported basis on the Group's income statement or the notes thereto, and should not be construed as a representation that the relevant currency could be or was converted into U.S. dollars at that rate or at any other rate.

FISBE Strategy

The Group has set in place a clear execution strategy that focuses on delivering sustainable and profitable growth. In 2019, the Group began pursuing a new purpose ("Pioneering trusted medical solutions to improve the lives we touch") and launched a global multi-year transformation programme, the FISBE strategy in 2020. The Group's FISBE strategy has been implemented through five strategic pillars: Focus, Innovate, Simplify, Build and Execute.

During 2022, the Group completed the first phase of its FISBE strategy (FISBE 1.0). FISBE 1.0 positioned the Group for sustainable and profitable growth, with the business becoming more focused on chronic care, developing a deeper and broader innovation pipeline, notably delivering three new product launches during 2022, and improving commercial and operational execution, including a significant reduction in complaints per million across the prior three years.

Following the completion of FISBE 1.0, in 2022, the Group's strategy has evolved to include simplification and productivity initiatives, improving the product margin mix and operating leverage (FISBE 2.0). Medium-term targets associated with FISBE 2.0 include delivering sustainable organic revenue growth per annum and expanding the Group's adjusted operating margin. Furthermore, there may be potential M&A opportunities to further strengthen the Group.

The Group continued to execute its FISBE 2.0 strategy in 2024 and through the first six months of 2025. For more information about the Group's business strategy, see "*Business Description—Strategy*."

Reliability of Supply

The Group's patients rely upon its products so the reliability of the Group's supply chain is essential to the functioning of its operations. The Group's approach to managing supply is multi-tiered. The Group conducts regular market and regional planning sessions to ensure alignment on demand and to identify any supply constraints. Throughout this process, the Group constantly manages its global inventory to support sales.

To ensure the continued supply of its products, the Group's global quality and operations team works closely across the Group's manufacturing sites to maintain production capability. The Group liaises regularly with its supply chain partners, including third-party manufacturers, to ensure the sustainability of supply. The Group has long-term, well-established relationships with its suppliers.

In 2024, the Group saw the post-pandemic supply chain marketplace recovery continue, notwithstanding present challenges to shipping lanes and the ongoing conflict in the Middle East. The Group has continued to focus on strengthening resilience throughout its supply chain, in the areas of manufacturing capacity and strategic inventory.

Adjusted Operating Cash Conversion and Equity Cash Conversion

The Group focuses on the management of chronic conditions, resulting in consistent and robust recurring cash flows as a consequence of the nature of such products. The Group uses adjusted operating cash conversion (calculated as adjusted operating cash flow divided by adjusted operating profit) and equity cash conversion (calculated as adjusted free cash flow to equity divided by adjusted net profit) to ensure that it derives value from its operations and to support its decisions in making potential future investments.

Adjusted operating cash conversion was 59.5%, 83.7% and 93.4% in the years ended 31 December 2022, 2023 and 2024 and 61.9% and 59.5% in the six months ended 30 June 2024 and 2025. The increase in the ratio from 2022 to 2023 primarily reflected the significantly lower working capital outflow. The improvement in the ratio from 2023 to 2024 primarily reflected the improvement in working capital and net foreign exchange gains on derivatives.

Equity cash conversion was 41.0%, 83.3% and 96.6% in the years ended 31 December 2022, 2023 and 2024, and 41.2% and 35.4% in the six months ended 30 June 2024 and 2025. The increase in the ratio from 2022 to 2023 was primarily driven by a significantly lower working capital outflow, the increase in EBITDA and lower capital expenditure. The increase in equity cash conversion from 2023 to 2024 was primarily driven by higher EBITDA and lower capital expenditure.

Significant Changes in Accounting Principles

For a description of the Group's key accounting principles for the year ended 31 December 2022, 2023 and 2024, see the Group's 2022, 2023 and 2024 Consolidated Financial Statements. There have been no significant changes in the Group's accounting principles since the preparation of the Group's Consolidated Financial Statements for the year ended 31 December 2024.

Description of Key Line Items

Revenue

Revenue comprises sales of the Group's products net of rebates and discounts.

Cost of sales

Cost of sales primarily comprises manufacturing and production costs, including raw materials, labour, overhead and processing costs, freight costs borne by the Group in the transport of goods to the Group from suppliers, depreciation of manufacturing facilities and equipment and lower of cost or market adjustments to inventories.

Selling and distribution expenses

Selling and distribution expenses consist of advertising, promotion, marketing, sales force employment costs and distribution costs.

General and administrative expenses

General and administrative expenses consist of executive management, human resources, finance, information management, legal, facilities and other support services costs.

Research and development expenses

R&D expenses comprise all activities involving investigative, technical and regulatory processes related to obtaining appropriate approvals to market the Group's products. Costs include payroll, clinical manufacturing and pre-launch clinical trial costs, manufacturing development and scale-up costs, product development costs including costs incurred to comply with legislative and regulatory changes, patent costs, contract services and other external contractors costs, research licence fees, depreciation and amortisation of laboratory facilities, and laboratory supplies.

Other operating expenses

Other operating expenses consist of impairment charges related to intangible assets arising from the Group's transformation projects, which resulted in the identification of certain impairment triggers.

Finance income

Finance income consists of interest earned on investment of surplus cash.

Finance costs

Finance costs arise from interest on the Group's borrowings from credit facilities and lease liabilities together with the transaction costs for borrowings.

Non-operating income/(expense), net

Non-operating income/(expense), net, consists of foreign exchange gains/losses, gains/losses on foreign exchange forward contracts and cash flow hedges, gains/losses on divestiture and other expense.

Fair value movement of contingent consideration

Fair value movement of contingent consideration consists of the movement of contingent consideration arising from a business combination recognised at fair value on acquisition.

Income tax expense

Income tax expense consists of the sum of the total current and deferred tax exposure.

Overall Group and Category Performance

From 2022 to 2023, the Group's revenue increased 3.4% on a reported basis, 3.2% on a constant currency basis and 7.2% on an organic basis. Constant currency growth was lower than organic growth due to the exit from hospital care activities during 2022. This increase was driven by growth in Advanced Wound Care supported by the contribution from InnovaMatrix, growth in Ostomy Care driven by the Group's Direct to Consumer service proposition through the Home Services Group (HSG), growth in Continence Care led by higher reimbursement

pricing and higher volumes of Convatec products in the U.S. and growth in Infusion Care led by sustained strong demand for the Group's infusion sets for people with diabetes.

From 2023 to 2024, the Group's revenue increased 6.9% on a reported basis, 7.6% on a constant currency basis and 7.7% on an organic basis. This was driven by broad-based growth across the Group's four market categories, supported by contributions from InnovaMatrix and Aquacel AG+ Extra and the new launch of ConvaFoam in Advanced Wound Care, the new launch of Esteem Body in Ostomy Care, growing volume and market share in the U.S. in Continence Care and strong demand for Convatec infusion sets in both diabetes and non-diabetes treatments in Infusion Care.

In the six months ended 30 June 2025, the Group generated revenue growth of 6.0% compared to the prior comparable period on a reported basis, 6.3% on a constant currency basis and 6.8% on an organic basis excluding InnovaMatrix and 6.0% including InnovaMatrix, which was primarily driven by strong broad-based growth, supported by new products.

The Group had adjusted operating profit of \$222.8 million and \$251.8 million in the six months ended 30 June 2024 and 2025, respectively and operating profit of \$149.2 million and \$179.2 million in the six months ended 30 June 2024 and 2025, respectively. The Group's adjusted operating margin was 20.0% and 21.3% in the six months ended 30 June 2024 and 2025, respectively, and the Group's operating margin was 13.4% and 15.2% in the six months ended 30 June 2024 and 2025, respectively. Adjusted free cash flow to equity was \$57.3 million and \$58.2 million in the six months ended 30 June 2024 and 2025, respectively, and net cash generated from operations was \$188.5 million and \$218.8 million in the six months ended 30 June 2024 and 2025, respectively.

Advanced Wound Care (AWC)

For the years ended 31 December 2022 to 2024, the Group's Advanced Wound Care category increased at a revenue CAGR of 9.4% on a reported basis, and increased for the six months ended 30 June 2025 at a rate of 1.9% compared to the prior comparable period on a reported basis. On a constant currency basis, revenue attributable to the Group's Advanced Wound Care category increased by 11.6% from 2022 to 2023 and by 7.4% from 2023 to 2024 and increased by 4.5% for the six months ended 30 June 2024 to the six months ended 30 June 2025 excluding InnovaMatrix.

Between 2022 and 2023, the Advanced Wound Care category showed growth in Europe and across the global emerging markets and in North America, with the latter supported by the contribution from InnovaMatrix, which continued to grow in the wound biologics segment. InnovaMatrix was acquired as part of the Triad Life Sciences acquisition in 2022 and contributed to organic growth from April 2023.

In 2024, the Advanced Wound Care generated revenue of \$742.7 million (or 6.8% year over year), demonstrating the clinical efficacy and popularity with healthcare professionals and patients of the Group's products. The Advanced Wound Care Category included \$99 million of InnovaMatrix revenue in 2024. Excluding InnovaMatrix, the Advanced Wound Care category's growth was 4.2% on an organic basis. Geographically, growth was supported by good performance in North America and global emerging markets. By product type, in antimicrobials, Aquacel Ag+ Extra continued to perform strongly. In foam, recently launched ConvaFoam started to take market share in the U.S. and the Group's European launch progressed well, including in Germany and the UK.

In the six months ended 30 June 2025, the increase in revenue in the Group's Advanced Wound Care category of 1.9% on a reported basis and 2.1% on an organic basis was driven by good performance in North America and GEM, with Aquacel Ag+ Extra delivering continued growth. Excluding InnovaMatrix, the constant currency growth was 4.5% and organic growth was 4.3%.

InnovaMatrix's revenue for the six months ended 30 June 2025 decreased by 13% to \$39 million compared to the equivalent period in the prior year, representing 3% of the Group's revenue. This decrease was as expected given market uncertainty around the now-postponed Local Coverage Determinations ("LCDs") for Skin Substitutes and Tissue-Based Products for the treatment of Diabetic Foot Ulcers ("DFUs") and Venous Leg Ulcers ("VLUs"). For additional information on InnovaMatrix, see "*Business Description—Local Coverage Determinations impacting InnovaMatrix.*"

Ostomy Care (OC)

On a reported basis, for the years ended 31 December 2022 to 2024, the Group's Ostomy Care category increased by a revenue CAGR of 8.6% and grew by 4.9% for the six months ended 30 June 2025 compared to the prior comparable period. On a constant currency basis, revenue attributable to the Group's Ostomy Care category increased by 4.2% from 2022 to 2023, increased by 5.6% from 2023 to 2024 and increased by 5.3% from the six months ended 30 June 2024 to the six months ended 30 June 2025.

Between 2022 and 2023, the Group made positive progress with the turnaround in Ostomy Care, particularly with Convatec ostomy products, where revenue grew 6.3%. The business achieved double-digit growth in the global emerging markets as it continued to win market share. In North America, 180 Medical grew ostomy sales from a small base and new patient starts remained stable. There was good performance in Europe although, as expected, further planned declines in non-Convatec product sales via Amcare UK partially offset this positive performance. The launch of the ESENTA™ brand of accessories continued to progress well. As anticipated, Flexi-Seal finished close to flat for the full year, having declined in the first half when it was lapping tough comparatives.

In 2024, the Ostomy Care category continued to experience growth, supported by Esteem Body, the Group's first new ostomy product launch in over a decade, which proved to be successful with patients and clinicians and took Convatec into the one-piece soft convex segment in the U.S. and Europe. Growth was also strong in the Group's existing Plus product range and in accessories. In North America, the Group grew sales, supported by the Home Services Group (HSG) with continued increased new patient starts. The Group delivered double-digit growth in the global emerging markets, outpacing market growth.

In the six months ended 30 June 2025, the increase in revenue in the Group's Ostomy Care category on a reported basis of 4.9% and on a constant currency basis of 5.3% was driven by strong growth in Esenta accessory products, good growth in the US supported by our Home Services Group, with steady growth in Europe and strong growth in GEM.

Continence Care (CC)

On a reported basis, for the years ended 31 December 2022 to 2024, the Group's Continence Care category grew at a revenue CAGR of 4.3% and for the six months ended 30 June 2025 at a rate of 7.0% compared to the prior comparable period. On a constant currency basis, revenue attributable to the Group's Continence Care category increased by 7.4% from 2022 to 2023, increased by 9.8% from 2023 to 2024 and increased by 7.0% in the six months ended 30 June 2025 compared to the prior comparable period.

The Group's Continence Care category continued to achieve good revenue growth of 9.7% on a reported basis in 2024 to \$501.4 million. The performance was led by growing volume and market share in the U.S. This was further supported by a modest increase in reimbursed pricing and increasing patient adoption of Convatec-manufactured products (including Cure Medical and GentleCath), which now represent over 50% of the Group's 180 Medical sales. Hydrophilic catheters represented 60% of the Group's sales, having increased by approximately 5% in the Group's mix since 2020. The Group's GentleCath Air for Women 2.0 has been very well-received by healthcare professionals and customers, launching in key markets in Europe and the U.S. The Group also made further progress starting to build its international presence, resulting in accelerating growth in global emerging markets and Europe.

In the six months ended 30 June 2025, the increase in revenue in the Group's Continence Care category on a reported basis of 7.0% and on a constant currency basis of 7.0% was driven by further growth in the US supported by positive new patient starts, steady growth in Europe and strong growth in GEM driven by the launch of Esteem Body. On an organic basis the increase in revenue was 6.7%, driven by US volume growth and faster growth in Convatec-manufactured products.

Infusion Care (IC)

On a reported basis, for the years ended 31 December 2022 to 2024, the Group's Infusion Care category grew at a revenue CAGR of 9.8% and grew by 13.7% for the six months ended 30 June 2025 (compared to the prior comparable period). On a constant currency basis, revenue attributable to the Group's Infusion Care category increased by 8.7% from 2022 to 2023, increased by 11.2% from 2023 to 2024 and increased by 14.1% for the six months ended 30 June 2025 (compared to prior comparable period).

The Infusion Care category's improved performance in 2023 was derived primarily from sustained strong demand for our innovative infusion sets for people with diabetes. It was also supported by double-digit growth of the Neria™ brand infusion sets and for non-insulin therapies such as subcutaneous infusion of immunoglobulins (linked to cancer and autoimmune diseases), pain management and Parkinson's medications.

Performance in 2024 was driven by strong demand for Convatec infusion sets in both diabetes and non-diabetes treatments.

In the six months ended 30 June 2025, the increase in revenue in the Group's Infusion Care category on a reported basis of 13.7% and on a constant currency basis of 14.1% was driven by further strong demand for Convatec infusion sets in both diabetes and non-diabetes therapies.

Results of Operations

The discussion below presents the Group's results of operations for the periods under review. In the discussion below, certain components are presented on a constant currency basis that translates non-U.S. dollar amounts into U.S. dollars as a convenience to investors. All such constant currency financial information has been calculated by applying the applicable prior period average exchange rates to the Group's actual performance in the respective period under review. For a description of how the Group calculates constant currency, see "Presentation of Financial and Other Information—Constant Currency and Organic Revenue Growth."

Results of operations for the six months ended 30 June 2024 and 2025

	Six months ended 30 June	
	2024	2025
	(\$ million)	
Revenue	1,113.4	1,179.9
Cost of sales	(490.3)	(523.5)
Gross profit	623.1	656.4
Selling and distribution expenses	(322.1)	(327.2)
General and administrative expenses	(97.8)	(98.3)
Research and development expenses	(54.0)	(53.5)
Other operating (expenses)/income	-	1.8
Operating profit	149.2	179.2
Finance income	2.6	1.4
Finance expense	(42.8)	(33.6)
Fair value movement of contingent consideration	(4.7)	(4.8)
Non-operating income/(expense), net	(0.3)	(4.8)
Profit before income taxes	104.0	137.4
Income tax expense	(25.4)	(32.6)
Net profit	78.6	104.8
Adjusted profit measures:		
Adjusted gross profit	677.9	711.1
Adjusted operating profit	222.8	251.8
Adjusted net profit	139.1	164.6

Revenue

The following table sets forth the Group's revenue by market category for the first six months of 2024 and 2025 and the percentage change on both a reported and constant currency basis.

	Six months ended 30 June 2025	Six months ended 30 June 2024	Reported growth/ (decline)	Constant currency growth / (decline)
	(\$ millions)		%	
Revenue by category				
Advanced Wound Care excluding				
InnovaMatrix	327.6	314.8	4.1	4.5
Ostomy Care	326.5	311.2	4.9	5.3
Continence Care	259.4	242.6	7.0	7.0
Infusion Care	227.1	199.7	13.7	14.1
Group revenue excluding				
InnovaMatrix	1,140.6	1,068.1	6.8	7.1
InnovaMatrix revenue	39.3	45.2	(13.1)	(13.1)

Revenue	<u>1,179.9</u>	<u>1,113.4</u>	<u>6.0</u>	<u>6.3</u>

On a reported basis, revenue increased \$66.3 million, or 6.0%, from \$1,113.4 million in the first six months of 2024 to \$1,179.9 million in the first six months of 2025. On a constant currency basis, revenue increased 6.3% in the first six months of 2025, for the reasons set out below.

Advanced Wound Care

On a reported basis, revenue from the AWC category excluding InnovaMatrix increased \$12.8 million or 4.1% from \$314.8 million in the first six months of 2024 to \$327.6 million in the first six months of 2025. On a constant currency basis, revenue from AWC excluding InnovaMatrix increased 4.5% in the first six months of 2025, primarily due to the growing contribution from ConvaFoam and Aquacel Ag+ Extra, which delivered continued growth. On an organic basis, the increase in revenue excluding InnovaMatrix was 4.3%.

Ostomy Care

On a reported basis, revenue from the Ostomy Care category increased \$15.3 million, or 4.9%, from \$311.2 million in the first six months of 2024 to \$326.5 million in the first six months of 2025. On a constant currency basis, revenue from the Ostomy Care category increased 5.3% in the first six months of 2025, primarily due to good growth in the US supported by our Home Services Group, steady growth in Europe and strong growth in global emerging markets. On an organic basis, the increase in revenue was 4.7%.

Continence Care

On a reported basis, revenue from the Continence Care category increased \$16.8 million, or 7.0%, from \$242.6 million in the first six months of 2024 to \$259.4 million in the first six months of 2025. On a constant currency basis, revenue from the Continence Care category increased 7.0% in the first six months of 2025, primarily due to US volume growth and faster growth in Convatec-manufactured products. On an organic basis, the increase in revenue was 6.7%.

Infusion Care

On a reported basis, revenue from the Infusion Care category increased \$27.4 million, or 13.7%, from \$199.7 million in the first six months of 2024 to \$227.1 million in the first six months of 2025. On a constant currency basis, revenue from the Infusion Care category increased 14.1% in the first six months of 2025, primarily driven by further strong demand for Convatec infusion sets in both diabetes and non-diabetes therapies. On an organic basis, the increase in revenue was 14.1%.

Gross profit

On a reported basis, gross margin decreased from 56.0% in the first six months of 2024 to 55.6% in the first six months of 2025.

Adjusted gross profit increased \$33.2 million from \$677.9 million in the first six months of 2024 to \$711.1 million in the first six months of 2025, with adjusted gross margin decreasing from 60.9% in the first six months of 2024 to 60.3% in the first six months of 2025, due to pricing and productivity benefits of 150bps more than offset by revenue mix of 100bps and inflationary pressures of 110bps.

Operating profit

Operating profit increased by \$30.0 million, from \$149.2 million in the first six months of 2024 to \$179.2 million in the first six months of 2025. This is primarily driven by higher revenue and higher gross profit, partially offset by an increase of \$3.3 million in operating expenses, largely due to increased selling and distribution expenses as a result of further investment in our sales force. Research and development expenses of \$53.5 million was flat year over year.

Adjusted operating profit increased by \$29.0 million, from \$222.8 million in the first six months of 2024 to \$251.8 million in the first six months of 2025. The 6% growth in revenue and 4.9% growth in adjusted gross profit were partially offset by an increase of \$4.8 million in adjusted selling and distribution expenses. General and administrative expenses and research & development expenses remained largely flat year over year. Adjusted general and administrative expenses as a percentage of revenue decreased to 7.0% in the first six months of 2025 as compared to 7.5% in the corresponding period in the prior year.

Other costs and net expenses (income)

Finance income

Finance income decreased \$1.2 million, or 46%, from \$2.6 million in the first six months of 2024 to \$1.4 million in the first six months of 2025. This decrease was primarily due to a reduction in interest income on cash and cash equivalents and interest rate derivatives.

Finance expense

Finance expense decreased \$9.2 million, or 21.5%, from \$42.8 million in the first six months of 2024 to \$33.6 million in the first six months of 2025, reflecting lower average interest rates.

Non-operating expense, net

Non-operating expense was \$4.8 million for the six months ended 30 June 2025, compared with non-operating expense of \$0.3 million for the six months ended 30 June 2024, reflecting a change of \$4.5 million primarily driven by foreign exchange gains and losses.

Income tax expense

In the first six months of 2025, the Group recorded income tax expense of \$32.6 million on profit before income taxes of \$137.4 million, and in the first six months of 2024 the Group recorded income tax expense of \$25.4 million on profit before income taxes of \$104.0 million. The Group's reported effective tax rate of 23.7% for the period was lower than the reported effective tax rate of 24.4% for the first six months of 2024 due to the reduction in non-deductible acquisition costs.

On an adjusted basis, income tax expense increased \$8.8 million, from \$43.2 million in the first six months of 2024 to \$52.0 million in the first six months of 2025. This increase reflects an increase in the adjusted effective tax rate from 23.7% in the first six months of 2024 to 24.0% in the first six months of 2025 due to an increase in the provision for uncertain tax positions.

Net profit

As a result of the above, net profit increased \$26.2 million, or 33.3%, to net profit of \$104.8 million in the first six months of 2025, compared to net profit of \$78.6 million in the first six months of 2024.

On an adjusted basis, net profit increased \$25.5 million, or 18.3%, from \$139.1 million in the first six months of 2024 to \$164.6 million in the first six months of 2025.

Results of Operations for 2023 and 2024

	Year ended 31 December	
	2023	2024
	(\$ million)	
Revenue	2,142.4	2,289.2
Cost of sales	(941.8)	(1,005.6)
Gross profit	1,200.6	1,283.6
Selling and distribution expenses	(612.5)	(645.2)
General and administrative expenses	(212.9)	(195.0)
Research and development expenses	(110.0)	(111.7)
Other operating expenses	(2.5)	(6.8)
Operating profit	262.7	324.9
Finance income	5.2	4.8
Finance expense	(80.7)	(82.9)
Fair value movement of contingent consideration	(24.6)	(4.6)
Non-operating income, net	4.8	3.7
Profits before income taxes	167.4	245.9
Income tax expense	(37.1)	(55.4)
Net profit	130.3	190.5
Adjusted profit measures:		
Adjusted gross profit	1,320.7	1,396.4
Adjusted operating profit	431.8	485.3
Adjusted net profit	274.1	312.4

Revenue

The following table sets forth the Group's revenue by market category for 2023 and 2024 and the percentage change on both a reported and constant currency basis.

	Year ended 31 December		Change on reported basis	Change on constant currency basis ⁽¹⁾
	2023	2024		
	(\$ million)		(%)	(%)
Revenue by product category				
Advanced Wound Care	695.3	742.7	6.8	7.4
Ostomy Care.....	608.3	634.0	4.2	5.6
Continence Care	457.2	501.4	9.7	9.8
Infusion Care	370.9	410.9	10.8	11.2
Revenue excluding hospital care exit	2,131.7	2,289.0	7.4	8.1
Hospital care and related industrial sales ⁽²⁾	10.7	0.2	(98.1)	n/a
Revenue	2,142.4	2,289.2	6.9	7.6

(1) In this table, constant currency financial information has been calculated by applying the applicable average exchange rates in 2023 to the Group's actual performance in 2024. For a description of how the Group calculates constant currency, see "*Presentation of Financial and Other Information—Constant Currency and Organic Revenue Growth*."

(2) Reflects the Company's exit from hospital care and related industrial sales in 2022. For further discussion, see "*Summary—Overview*."

On a reported basis, revenue increased \$146.8 million, or 6.9%, from \$2,142.4 million in 2023 to \$2,289.2 million in 2024, driven by broad-based growth across Advanced Wound Care, Ostomy Care, Continence Care and Infusion Care. On a constant currency basis, revenue increased 7.6% in 2024 and on an organic basis, revenue increased 7.7%, for the reasons set out below.

Advanced Wound Care

On a reported basis, revenue from the Advanced Wound Care category increased by \$47.4 million, or 6.8%, from \$695.3 million in 2023 to \$742.7 million in 2024. The revenue from this category increased 7.4% on both a constant currency basis and an organic basis, principally driven by continued contribution from InnovaMatrix which reported \$99 million of revenue in 2024, growth of Aquacel Ag+ Extra globally and the new launch of ConvaFoam which started to take market share in the U.S. and European markets.

Ostomy Care

On a reported basis, revenue from the Ostomy Care category increased by \$25.7 million, or 4.2%, from \$608.3 million in 2023 to \$634.0 million in 2024. On a constant currency basis revenue from the Ostomy Care category increased 4.2% and on an organic basis, revenue increased 5.3% in 2024, partially impacted by the launch of Esteem Body, the Group's first new ostomy product launch in over a decade and growth in its existing Plus product range and in accessories.

Continence Care

On a reported basis, revenue from the Continence Care category increased \$44.2 million, or 9.7%, to \$501.4 million in 2024 from \$457.2 million in 2023. Revenue from the Continence Care category in 2024 increased 9.8% on a constant currency basis and 8.3% on an organic basis, reflecting a modest increase in reimbursed pricing and increasing patient adoption of Convatec-manufactured products (including Cure Medical and GentleCath), which now represent over 50% of the Group's 180 Medical sales.

Infusion Care

On a reported basis, revenue from the Infusion Care category increased \$40.0 million, or 10.8%, to \$410.9 million in 2024 from \$370.9 million in 2023. Revenue from the Infusion Care category increased 11.2% on both a constant

currency basis and an organic basis in 2024, primarily driven by a strong demand for Convatec infusion sets in both diabetes and non-diabetes treatments.

Gross profit

On a reported basis, gross profit increased \$83.0 million from \$1,200.6 million in 2023 to \$1,283.6 million in 2024, despite an increase of \$63.8 million (or 6.8%) in cost of goods sold to \$1,005.6 million, primarily driven by increased revenue.

Adjusted gross profit increased \$75.7 million, from \$1,320.7 million in 2023 to \$1,396.4 million in 2024 while adjusted gross profit margin decreased from 61.6% in 2023 to 61.0% in 2024. The Group delivered pricing and mix benefits of 100bps and productivity improvements of 50bps. However, these were more than offset by inflationary pressures of 160bps and foreign exchange headwinds of 50bps.

Operating profit

Operating profit increased by \$62.2 million, from \$262.7 million in 2023 to \$324.9 million in 2024. This reflects primarily the 6.9% growth in revenue and gross profit, partially offset by an increase in operating expenses of \$20.8 million.

Adjusted operating profit increased by \$53.5 million, from \$431.8 million in 2023 to \$485.3 million in 2024. The gross profit increase of \$75.7 million was partially offset by an increase in adjusted operating expenses of \$22.2 million.

Other costs and net expenses (income)

Finance income

Finance income decreased \$0.4 million, or 7.7%, from \$5.2 million in 2023 to \$4.8 million in 2024. This decrease was due to a reduction in interest income on cash and cash equivalents.

Finance expense

Finance expense increased \$2.2 million, or 2.7%, from \$80.7 million in 2023 to \$82.9 million in 2024. The increase was primarily due to the amortisation of deferred financing fees.

Non-operating income, net

Non-operating income, net, was fairly consistent year over year, with a slight decrease of \$1.1 million, from \$4.8 million in 2023 to \$3.7 million in 2024.

Income tax expense

In 2024, the Group recorded income tax expense of \$55.4 million on profit before income taxes of \$245.9 million, compared to income tax expense of \$37.1 million on profit before income taxes of \$167.4 million in 2023. The increase in the reported effective tax rate from 22.2% in 2023 to 22.5% in 2024 was due to the variance of profit mix between jurisdictions, an increase in uncertain tax positions and the impact of the 2023 benefit from a successful resolution of an uncertain tax position. The increase was net of a reduction due to the release of a \$2.9 million tax liability relating to business restructuring and a benefit from prior year tax filings in the UK.

On an adjusted basis, income tax expense increased \$15.4 million, or 18.5%, from \$83.1 million in 2023 to \$98.5 million in 2024. This increase reflects a 0.7% increase in the adjusted effective tax rate from 23.3% in 2023 to 24.0% in 2024.

Net profit

As a result of the above, reported net profit increased \$60.2 million to a net profit of \$190.5 million in 2024, compared to a net profit of \$130.3 million in 2023.

On an adjusted basis, net profit increased \$38.3 million from \$274.1 million in 2023 to \$312.4 million in 2024.

Results of Operations for 2022 and 2023

	Year ended 31 December	
	2022⁽¹⁾	2023
	(\$ million)	
Revenue	2,072.5	2,142.4
Cost of sales	(968.6)	(941.8)
Gross profit	1,103.9	1,200.6

Selling and distribution expenses	(575.9)	(612.5)
General and administrative expenses.....	(214.9)	(212.9)
Research and development expenses	(92.0)	(110.0)
Other operating expenses	(13.8)	(2.5)
Operating profit	207.3	262.7
Finance income	5.5	5.2
Finance expense ⁽¹⁾	(57.6)	(80.7)
Fair value movement of contingent consideration ⁽¹⁾	(45.1)	(24.6)
Non-operating income/(expenses), net ⁽¹⁾	(28.2)	4.8
Profit before income taxes	81.9	167.4
Income tax expenses	(19.0)	(37.1)
Net profit	62.9	130.3
Adjusted profit measures:		
Adjusted gross profit	1,245.6	1,320.7
Adjusted operating profit	403.7	431.8
Adjusted net profit	256.8	274.1

- (1) In the Group's 2023 Consolidated Financial Statements, certain line items in the primary financial statements have been disaggregated to provide greater clarity, and accordingly, the corresponding 2022 comparative amounts have been re-presented for consistency and comparability between periods. The financial information for the year ended 31 December 2022 has been extracted from the comparative figures included in the 2023 Consolidated Financial Statements. Within the Consolidated Income Statement, the fair value movement of contingent consideration has been presented separately. The 2022 comparative amount includes \$15.6 million that was previously included within finance expense, and \$29.5 million previously included within non-operating income/(expense), net. See Note 1.6 to the 2023 Consolidated Financial Statements.

Revenue

The following table sets forth the Group's revenue by market category for 2022 and 2023 and the percentage change on both a reported and constant currency basis.

	Year ended 31 December		Change on reported basis	Change on constant currency basis ⁽¹⁾
	2022	2023		
	(\$ million)		(%)	(%)
Revenue by product category				
Advanced Wound Care	620.7	695.3	12.0%	11.6%
Ostomy Care.....	583.0	608.3	4.3%	4.2%
Continence Care	425.4	457.2	7.5%	7.4%
Infusion Care	341.1	370.9	8.7%	8.7%
Revenue excluding hospital care exit	1,970.2	2,131.7	8.2%	8.0%
Hospital care and related industrial sales ⁽²⁾	102.3	10.7	(89.5)%	n/a
Revenue	2,072.5	2,142.4	3.4%	3.2%

- (1) Constant currency financial information has been calculated by applying the applicable average exchange rates in 2023 to the Group's actual performance in 2022. For a description of how the Group calculates constant currency, see "Presentation of Financial and Other Information—Constant Currency and Organic Revenue Growth."
- (2) Reflects the Company's exit from hospital care and related industrial sales in 2022. For further discussion, see "Summary—Overview."

On a reported basis, revenue increased \$69.9 million, or 3.4%, from \$2,072.5 million in 2022 to \$2,142.4 million in 2023, driven by broad based growth across all categories. On a constant currency basis, revenue increased 3.2% in 2023, including reported growth of 3.4% offset by 0.2% of foreign exchange impact. Organic revenue growth in 2023 (excluding the effect of acquisitions and disposals and on a constant currency basis) was 7.2%, reflecting year over year growth across all categories.

Advanced Wound Care

On a reported basis, revenue from the Advanced Wound Care category increased \$74.6 million, or 12.0%, to \$695.3 million in 2023 from \$620.7 million in 2022. On a constant currency basis, Advanced Wound Care revenue increased 11.6% in 2023, with growth in Europe and across the global emerging markets and in North America, with the latter supported by the contribution from InnovaMatrix, which continued to grow. InnovaMatrix was part of the Triad Life Sciences acquisition in 2022 and contributed to organic growth from April 2023.

Ostomy Care

On a reported basis, revenue from the Ostomy Care category increased \$25.3 million, or 4.3%, from \$583.0 million in 2022 to \$608.3 million in 2023. On a constant currency basis, Ostomy Care revenue increased 4.2% in 2023, primarily driven by a 6.3% growth of sales of Convatec Ostomy products on a constant currency basis, principally across the global emerging markets and key European markets and supported by its world-class Direct to Consumer service proposition through the Home Services Group (HSG) in the U.S, partially offset by the ongoing planned transition away from the lower-margin non-Convatec Ostomy products.

Continence Care

On a reported basis, revenue from the Continence Care category increased \$31.8 million, or 7.5%, to \$457.2 million in 2023 from \$425.4 million in 2022. On a constant currency basis, Continence Care revenue increased by 7.4% in 2023. This was primarily driven by both higher reimbursement pricing and higher volumes of Convatec products (Cure Medical and GentleCath) in the U.S.

Infusion Care

On a reported basis, revenue from the Infusion Care category increased \$29.8 million, or 8.7%, to \$370.9 million in 2023 from \$341.1 million in 2022. On a constant currency basis, Infusion Care revenue increased 8.7% in 2023. This growth was primarily from sustained strong demand for the Group's innovative infusion sets for people with diabetes. It was also supported by double-digit growth of the Neria brand infusion sets and for non-insulin therapies such as subcutaneous infusion of immunoglobulins (linked to cancer and autoimmune diseases), pain management and Parkinson's medications.

Gross profit and gross margin

Gross profit increased by \$96.7 million, from \$1,103.9 million in 2022 to \$1,200.6 million in 2023. Cost of sales decreased \$26.8 million, or 2.8%, from \$968.6 million in 2022 to \$941.8 million in 2023.

On an adjusted basis, gross profit increased by \$75.1 million, from \$1,245.6 million in 2022 to \$1,320.7 million in 2023.

Reported gross margin increased from 53.3% to 56.0%. This was largely driven by pricing and mix benefits being partly offset by inflationary pressures and foreign exchange headwinds. Prior year comparatives also included higher one-time divestiture and termination costs primarily as a result of the hospital care and related industrial sales exit in 2022.

The adjusted gross margin increased year over year from 60.1% to 61.6% due to a combination of price, mix and productivity benefits of 460bps being partially offset by inflation and foreign exchange headwinds of 250bps and 60bps respectively. The Group benefited from the impact of reduced volumes of low-margin and low-growth products following the hospital care exit in 2022 and the growing contribution from Advanced Tissue Technology (ATT).

Operating profit

Operating profit increased \$55.4 million, from \$207.3 million in the year ended December 31, 2022 to \$262.7 million in the year ended December 31, 2023, primarily driven by improvements in the reported gross margin, partially offset by an increase in reported operating expenses of \$41.3 million to \$937.9 million.

Adjusted operating profit increased by \$28.1 million, from \$403.7 million in the year ended December 31, 2022 to \$431.8 million in the year ended December 31, 2023, primarily driven by higher gross profit, partially offset by an increase in adjusted operating expenses of \$47.0 million.

Other costs and net expenses (income)

Finance income

Finance income remained largely flat year over year, with a slight decrease of \$0.3 million from \$5.5 million in 2022 to \$5.2 million in 2023.

Finance expense

Finance expense increased \$23.1 million, or 40.1%, from \$57.6 million in 2022 to \$80.7 million in 2023. The increase primarily results from higher market interest rates. The 2022 comparative amount has been re-presented as outlined in Note 1.6 to the 2023 Consolidated Financial Statement.

Non-operating income, net

Non-operating income, net, was \$4.8 million in 2023, compared to non-operating expense, net, of \$28.2 million in 2022, reflecting a change of \$33 million. The foreign exchange gain in 2023 primarily relates to the foreign exchange impact on intercompany transactions, including loans transacted in non-functional currencies.

Income tax expense

In 2023, the Group recorded an income tax expense of \$37.1 million on profit before income taxes of \$167.4 million, and in 2022 the Group recorded an income tax expense of \$19.0 million on profit before income taxes of \$81.9 million. The decrease in the reported effective tax rate from 23.2% to 22.2% was mainly driven by a one-off net tax benefit following the successful resolution of an uncertain tax position, which for the purpose of calculating the adjusted income tax expense was treated as an adjusting item.

On an adjusted basis, income tax expense increased \$2.3 million, from \$80.8 million in 2022 to \$83.1 million in 2023, representing a decrease in the effective tax rate from 23.9% in 2022 to 23.3% in 2023. Adjusted income tax expense in 2023 excludes the deferred tax benefit of \$3.5 million.

Net profit

The Group's net profit increased \$67.4 million to \$130.3 million in 2023, compared to \$62.9 million in 2022, reflecting the factors discussed above.

On an adjusted basis, net profit increased \$17.3 million to \$274.1 million in 2023, compared to \$256.8 million in 2022. The increases in adjusted operating expenses, finance expenses and adjusted income tax expense were more than offset by strong adjusted gross margin improvement and a reduction in adjusted non-operating expenses of \$14.9 million, driven by favourable foreign exchange impacts on intercompany transactions.

Liquidity and capital resources

Liquidity describes the ability of a business to generate sufficient cash flows to meet the cash requirements of its business operations, including working capital needs, capital expenditures, debt service and investor obligations, contractual obligations and other commitments and acquisitions. Historically, the non-elective nature of the Group's product offerings has resulted in significant recurring cash inflows sufficient to meet the cash requirements of its business operations, including working capital needs. Following the consummation of this offering, management believes that the Group's existing cash on hand, combined with the Group's operating cash flow and available borrowings, will provide sufficient liquidity to fund current obligations, working capital and capital expenditure requirements, as well as future investment opportunities and dividends payable to equity investors.

As at 30 June 2025 after giving effect to the consummation of this offering, the Group would have had as adjusted total borrowings of \$1,278.1 million. See "Capitalisation".

Consolidated statement of cash flows

The following table sets forth cash flow information of the Group.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	(\$ million)				
Net cash generated from operating activities.....	281.7	367.4	396.2	73.5	155.0
Net cash used in investing activities.....	(348.3)	(285.7)	(160.8)	(73.1)	(93.2)

Net cash (used in)/generated from financing activities	(237.1)	(124.0)	(263.8)	1.7	(32.1)
Net change in cash and cash equivalents.....	(303.7)	(42.3)	(28.4)	2.1	29.7
Cash and cash equivalents at beginning of the year/period.....	463.4	143.8	97.6	97.6	64.7
Effect of exchange rate changes on cash and cash equivalents	(15.9)	(3.9)	(4.5)	(2.8)	1.3
Cash and cash equivalents at end of the year/period	143.8	97.6	64.7	96.9	95.7

Net cash generated from operating activities

The Group generated net cash from operating activities of \$155.0 million in the six months ended 30 June 2025, an increase of \$81.5 million compared to \$73.5 million in the six months ended 30 June 2024. This increase reflects the increase in net profit of \$26.2 million, and lower contingent consideration payments of \$46.2 million within operating activities. Net interest paid decreased by \$5.4 million to \$37.1 million, reflecting lower average debt and lower average interest rates.

The Group generated net cash from operating activities of \$396.2 million in 2024, an increase of \$28.8 million compared to \$367.4 million in 2023. The increase primarily reflected higher net profit of \$60.2 million and favourable movements in non-operating income/(expense) of \$16.6 million, which was partially offset by higher net interest paid of \$13.5 million, increase in contingent consideration paid of \$26.4 million and higher income taxes paid of \$16.2 million.

The Group generated net cash from operating activities of \$367.4 million in 2023, an increase of \$85.7 million compared to \$281.7 million in 2022, which reflected higher net profit of \$67.4 million, favourable change in working capital assets and liabilities of \$61.2 million, lower income taxes paid of \$17.0 million partially offset by cash interest payments increase of \$15.4 million, to \$70.8 million in 2023 from \$55.4 million in 2022 reflecting higher market interest rates and an increase in payment of contingent consideration of \$21.7 million.

Net cash used in investing activities

Net cash used in investing activities was \$93.2 million in the six months ended 30 June 2025, an increase of \$20.1 million compared to \$73.1 million in the six months ended 30 June 2024, primarily driven by higher capital expenditure.

Net cash used in investing activities was \$160.8 million in 2024, a reduction of \$124.9 million compared to \$285.7 million in 2023. In 2024, net cash used in investing activities of \$160.8 million included capital expenditure of \$122.1 million, acquisitions, net of cash acquired of \$13.6 million and payment of contingent consideration of \$22.8 million.

In 2023, net cash used in investing activities of \$285.7 million included capital expenditure of \$129.2 million, M&A of \$84.4 million and payment of contingent consideration of \$73.0 million.

In 2022, net cash used in investing activities of \$348.3 million included capital expenditure of \$144.2 million, M&A of \$123.3 million, payment of contingent consideration \$50.0 million and investment in financial assets of \$30.7 million.

Net cash (used in)/generated from financing activities

For the six months ended 30 June 2025, net cash used in financing activities was \$32.1 million, an increase of \$33.8 million compared to cash generated from financing activities of \$1.7 million for the six months ended 30 June 2024, primarily due to the purchase of own shares of \$22.4 million and higher dividend payments of \$9.3 million.

In 2024, cash used in financing activities included the repayment of borrowings \$98.0 million, payment of leases \$24.7 million, payment of dividends \$130.2 million and the purchase of own shares \$10.9 million. In 2023, cash used in financing activities included the payment of dividends \$110.7 million and payment of lease liabilities of \$22.7 million partially offset by proceeds from borrowings of \$9.4 million.

In 2022, net cash used in financing activities was \$237.1 million and included repayment of borrowings \$842.5 million, payment of lease liabilities \$20.7 million, payment of dividends \$88.1 million partially offset by proceeds from borrowings of \$714.2 million.

Off-balance sheet arrangements

The Group does not have any off-balance sheet arrangements that have had, or are reasonably likely to have, a material effect on its financial condition, changes in financial condition, income or expenses, results of operations, liquidity or capital resources.

Commitments and contingencies*Contractual obligations*

The Group's contractual obligations consist mainly of payments related to loans and borrowings and related interest, operating leases and unconditional purchase obligations. For a description of the material terms of the Group's existing and anticipated material long term financing arrangements, see "*Description of Other Indebtedness*" and "*Description of the Notes.*"

Capital expenditure and other commitments

The Group has commitments related to capital expenditure of \$21.6 million as at 30 June 2025, primarily related to commitments for the purchase of property, plant and equipment, and capitalised software.

Quantitative and qualitative disclosures about market risks

The Group's activities expose it to a variety of financial risks: liquidity risk, foreign exchange risk and interest rate risk. The Group has established objectives, formal policies, and guidelines to manage these financial risks. For a description of the Group's financial risks and financial risk management objectives, see note 20 to the 2024 Consolidated Financial Statements included elsewhere in this Offering Memorandum.

Critical accounting policies

For a description of the Group's critical accounting judgments and key sources of estimation and uncertainty, see Note 1.4 to the 2024 Consolidated Financial Statements included elsewhere in this Offering Memorandum.

BUSINESS DESCRIPTION

Convatec is an innovative global medical products and technologies company, focused on solutions for the management of chronic conditions. The Company has leading positions in Advanced Wound Care, Ostomy Care, Continence Care and Infusion Care. It provides products and services in approximately 90 countries and has more than 10,000 employees. The Group's solutions provide a range of clinical and economic benefits, including infection prevention, protection of at-risk skin, improved patient outcomes and reduced total costs of care.

The Group operates across four major market categories, supporting patients living with long-term chronic conditions:

- **Advanced Wound Care.** Advanced Wound Care provides advanced dressings for the management of acute and chronic wounds resulting from ongoing conditions, such as diabetes, and acute conditions resulting from traumatic injury and burns. Advanced Wound Care had \$743 million of revenue in 2024, representing 32% of the Group's total revenue.
- **Ostomy Care.** Ostomy Care provides devices, accessories and services for people with a stoma (a surgically created opening where bodily waste is discharged), commonly resulting from causes such as colorectal cancer, bladder cancer, inflammatory bowel disease and trauma. Ostomy Care had \$634 million of revenue in 2024, representing 28% of the Group's total revenue.
- **Continence Care.** Continence Care provides products and services for people with urinary continence issues related to spinal cord injury, neurological disease, prostate enlargement or other causes. Continence Care had \$501 million of revenue in 2024, representing 22% of the Group's total revenue.
- **Infusion Care.** Infusion Care provides disposable infusion sets used with insulin pumps for diabetes or with continuous infusion treatments for conditions such as Parkinson's disease. Infusion Care had \$411 million of revenue in 2024, representing 18% of the Group's total revenue.

Convatec's business is spread geographically around the world, with 57% of its revenue in North America (\$1.296 billion in 2024), 29% in Europe (\$661 million in 2024) and 14% in the rest of the world (\$332 million in 2024). In 2024, the Company sold over 900 million products in 12 key markets, with production carried out at seven manufacturing locations worldwide. For the year ended December 31, 2024, the Group had total revenue of \$2.289 billion (\$2.142 billion in 2023), reported operating profit of \$325 million (\$263 million in 2023), adjusted operating profit of \$485 million (\$432 million in 2023) and an adjusted operating profit margin of 21.2% (20.2% in 2023). More than 90% of the Group's revenues arise from serving chronic care patients, and these revenues are often recurring in nature.

Three global healthcare megatrends drive structural growth and demand for Convatec's solutions:

- **Increased life expectancy and ageing populations.** Average life expectancy has grown from 47 years in 1950 to 72 years in 2022, based on data from the United Nations. Further, the global population over the age of 65 is expected to grow from 800 million in 2020 to 1.6 billion in 2060, based on data from the United Nations.
- **Chronic conditions are increasing.** As people live longer, the prevalence and cost of chronic disease continues to grow. One in three adults globally is affected by chronic conditions (cardiovascular disease, cancer and diabetes).
- **Improving access to healthcare in emerging markets.** Ageing populations, rising per-capita gross domestic product (GDP) and urbanisation are expected to drive strong healthcare demand in emerging markets. This demand is expected to outpace overall GDP growth in emerging economies and healthcare spending growth in developed countries. According to World Bank data, in 2019 healthcare spending in emerging markets was 5.2% of GDP, compared to 12.5% of GDP in OECD countries and 16.8% of GDP in the United States.

The tables below show the Group's revenue, revenue by category, reported revenue growth, constant currency revenue growth and organic revenue growth. Constant currency revenue growth is calculated by applying the applicable prior period average exchange rates to the Group's actual performance in the respective period under review. Organic revenue growth is calculated as period over period revenue growth at constant currency and excludes the impact of acquired and disposed/discontinued businesses in the period. Constant currency revenue growth and Organic revenue growth are non-IFRS financial measures. For further information on reported revenue

growth and constant currency revenue growth, see “Management’s Discussion and Analysis of Financial Conditions and Results of Operations”.

	Six months ended 30 June 2024	Six months ended 30 June 2025	Reported growth/ (decline)	Foreign exchange impact	Constant currency growth / (decline)	Impact of acquisitions and disposals	Organic growth/ (decline)
	(\$ millions)		%	%	%	%	%
Revenue by category							
Advanced Wound Care excluding InnovaMatrix.....	314.8	327.6	4.1	(0.4)	4.5	0.2	4.3
Ostomy Care.....	311.1	326.5	4.9	(0.4)	5.3	0.6	4.7
Continence Care	242.6	259.4	7.0	-	7.0	0.3	6.7
Infusion Care	199.5	227.1	13.7	(0.4)	14.1	-	14.1
Group revenue excluding InnovaMatrix and hospital care exit ...	1,068.0	1,140.6	6.8	(0.3)	7.1	0.3	6.8
InnovaMatrix revenue ..	45.2	39.3	(13.1)	-	(13.1)	-	(13.1)
Hospital care and related industrial sales ⁽¹⁾	0.2	nil	n/a	n/a	n/a	n/a	n/a
Revenue	1,113.4	1,179.9	6.0	(0.3)	6.3	0.3	6.0

	Year ended 31 December 2023	Year ended 31 December 2024	Reported growth/ (decline)	Foreign exchange impact/ (decline)	Constant currency growth	Organic growth
	(\$ millions)		%	%	%	%
Revenue by category						
Advanced Wound Care.....	695.3	742.7	6.8	(0.6)	7.4	7.4
Ostomy Care.....	608.3	634.0	4.2	(1.4)	5.6	5.3
Continence Care	457.2	501.4	9.7	(0.1)	9.8	8.3
Infusion Care	370.9	410.9	10.8	(0.4)	11.2	11.2
Revenue excluding hospital care exit	2,131.7	2,289.0	7.4	(0.7)	8.1	7.7
Hospital care and related industrial sales ⁽¹⁾	0.2	10.7	(98.1)	n/a	n/a	n/a
Revenue	2,289.2	2,142.4	6.9	(0.7)	7.6	7.7

- (1) Following the Company’s exit from hospital care and related industrial sales in 2022, effective from 1 January 2023, Flexi-Seal, the Group’s fecal management system, moved from the Continence & Critical Care category to the Ostomy Care category. The remaining industrial sales, predominantly continence-related supplies for business-to-business customers, moved from Infusion Care to Continence Care. Continence & Critical Care has since been renamed Continence Care.

Strengths

Convatec holds leading positions in chronic care markets characterized by structural growth and recurring revenues. The Company targets the fastest growing segments by developing innovative and differentiated new products.

- **Focused on large and growing chronic care categories.** Convatec operates in four chronic care categories which have a combined market size of approximately \$15.5 billion per year and market growth rates varying between 4% and 8% per year. The Company is among a small number of leaders in the categories

in which it operates and believes that it can consistently grow revenue faster than each market. The Group's growth has been broad-based across categories, geographies and products, with leading market positions, differentiated products and a strong new product pipeline. Convatec estimates that it is the third largest business globally in Advanced Wound Care and Ostomy Care, the largest business in the U.S. in Continence Care, and the largest business globally in Infusion Care.

Convatec sells over 900 million high-quality consumable products for a diverse range of chronic conditions annually. There are notable synergies across the Convatec categories in areas such as polymer and biomaterial sciences, adhesive technologies, product and clinical development, automated manufacturing, supply chain capabilities and sales & marketing. In recent years, the Group has been rationalising its production network while automating and expanding capacity in the most appropriate locations and increasing its business resilience and efficiency.

- **Growing faster than its categories through investment in innovation.** Convatec has delivered six years of accelerating organic revenue growth, driven by an investment in innovation which is broadening its product portfolio. The Group expects to consistently grow revenue faster than each market over the long term, driven by the strongest new product innovation pipeline in Convatec's history. During 2024 and the first half of 2025, the Company continued to strengthen its product portfolio, led by research and development, innovation and the successful launch of new products. Convatec launched or significantly expanded the regional presence of four new products, including ConvaFoam in Europe and GentleCath Air for Women in the U.S. Looking ahead, ConvaNiox, a new advanced wound dressing technology powered by nitric oxide, received regulatory approval in the EU and the UK in April 2025 and is expected to launch in the UK, Spain and Italy in the second half of 2025. ConvaNiox is highly complementary to the Company's Advanced Wound Care portfolio.
- **Increasing profitability via innovation, simplification and scale.** During 2024 and the first half of 2025, Convatec continued to drive operational and commercial improvements as part of its focus on driving simplification and productivity. Adjusted operating margin increased by 350 basis points to 21.2% in 2024 since 2021, and the Group is focused on further increasing its operating margin. The Company increased automation in its facilities and continued to optimise its plant network for scale and efficiency by completing the closure of its EuroTec facility in the Netherlands and closing its small Herlev site in Denmark. In commercial areas, Convatec created an integrated Global Marketing & Sales (GMS) Centre of Excellence (CoE), further developed its Market Access & Reimbursement CoE, and rationalised its use of marketing agencies globally. The Group is also encouraged by the potential for AI to drive productivity improvements in areas such as customer service, marketing content generation and translation.

In addition, Convatec delivered further general and administrative (G&A) savings by expanding the scope of its Global Business Services centres across Finance, IT and HR activities. In 2024 adjusted G&A expenses declined by 4.7% to \$165 million (2023: \$173 million), representing 7.2% of revenue (2023: 8.1%). The Company also continued to increase its operational resilience with further investments in infrastructure, automation and capacity across its manufacturing network.

- **Strong cash flow.** Convatec targets high cash conversion while consistently investing in capex and research and development to grow its sales and sustainably increase operating margin, complemented by selective bolt-on acquisitions. Increasing profitability and strong cash generation during 2024 led to a decrease in net debt, with net debt to Adjusted EBITDA leverage at 31 December 2024 of 1.8x, 0.3x below levels in 2023. The Group's strong cash generation is supporting continued organic and inorganic investment for growth, consistent with the Group's capital allocation priorities and broader strategy.

Strategy

Convatec announced its FISBE strategy (Focus, Innovate, Simplify, Build, Execute) in 2020, having just reported organic revenue growth of 2.3% in 2019. At that time, the Company's annual research and development spend was \$53.8 million, the Group's innovation pipeline was very limited and its adjusted operating margin was 19.4%. In 2024, Convatec's organic revenue growth accelerated to 7.7%, the sixth consecutive year of accelerating growth and exceeding the top end of its target range for a second consecutive year. The Company invested \$102.4 million in adjusted research and development in 2024. The Group's product portfolio is systematically broadening to enhance the Company's product offering, and Convatec currently has its strongest-ever innovative, new product pipeline. Adjusted operating margin increased to 21.2% in 2024 and 21.3% in the first half of 2025.

The Company's results in 2024 and the first half of 2025 demonstrate that Convatec has progressed to broad-based and profitable growth. The Group's FISBE strategy is delivering strongly, evidenced by Convatec's sixth

year of accelerating revenue growth, further operating profit margin expansion, double-digit growth in adjusted earnings per share and strong cash conversion. The Company targets the fastest growing segments by developing innovative and differentiated new products. Convatec's resilient business model is highly scalable and is well-positioned to support ongoing growth in adjusted earnings per share and adjusted free cash flow to equity.

Focus: focus on strengthening customer loyalty in key markets

Convatec continued to drive focus in its four chronic care categories and 12 focus markets during 2024 and the first half of 2025. Over 90% of Convatec's revenues arise from supporting patients with chronic illnesses, resulting in high recurring revenues. The U.S. was the Company's largest market and grew strongly, supported by the contribution from recent launches (InnovaMatrix, ConvaFoam, Esteem Body and GentleCath Air for Women).

In 2024 and the first half of 2025, Convatec continued to strengthen its focus on customer centricity and advanced the use of customer Net Promoter Score (cNPS) as the key measure of customer satisfaction and loyalty within Convatec, rolling out the programme across 20 countries, including all of its FISBE markets. The Company is working towards capturing cNPS for all of its main customer groups, initially starting with healthcare professionals and expanding to users and its key business-to-business customers. Acting on customer feedback is critical to the success of the business, as Convatec seeks to deliver frictionless experience from front-line clinical colleagues to customer support functions. In 2024, clinics operated by the Issuer, Amcare Group and ConvaCare received a cNPS of over 80. The Company also simplified its web experience with AI-enabled features to provide customers with easy access to enhanced digital content.

Innovate: innovate to increase vitality of trusted medical solutions

Innovation is a key part of Convatec's strategy and is helping to drive growth in the fastest growing segments of its markets. The Company continued to strengthen its Technology & Innovation capabilities, with adjusted research and development expenditure of \$102.4 million in 2024 and \$49.7 million in the first half of 2025.

Convatec currently has the strongest new product pipeline in its history. New product innovation accelerated across the Company's chronic care markets, including eight new products launched between 2022 and 2024. Convatec is also anticipating the launch of eight new products in the next two years. In the first half of 2025, the Company saw a strong and positive market reaction to the eight new launches, including ConvaFoam, Esteem Body and GentleCath Air for Women. The Group's vitality index, which measures the percentage of Group revenues generated from new or significantly upgraded products launched in the last five-years, reached its target of 30% in 2024, a year ahead of target.

Products launched since 2022 include:

- InnovaMatrix in the U.S. and starting to launch in Latin America
- Esteem Body in the U.S., Europe and global emerging markets (GEM)
- ConvaFoam in the U.S. and key European markets, delivering high success rates in new customer product evaluations
- GentleCath Air for Women in the U.S. and key European markets, which is winning segment share
- An infusion set for the new Beta Bionics iLet Bionic Pancreas system
- An extended wear infusion set in the U.S. for the Medtronic 780G pump
- An infusion set for the new Tandem Mobi pump
- The Neria Guard infusion set for AbbVie's Parkinson's therapy
- ConvaNiox in the UK and Europe

The Company expects continued momentum from future launches including:

- In Advanced Wound Care, ConvaNiox, a highly innovative advanced wound dressing powered by nitric oxide which obtained EU and UK regulatory approval in April 2025 and is expected to launch in the UK, Spain and Italy in the second half of 2025; ConvaFiber, the Company's new enhanced Hydrofiber dressing

launching in 2026; and ConvaVac, a single use negative pressure wound therapy product launching in 2026

- In Ostomy Care, expanding the launch of Esteem Body across focus markets; launching Flexi-Seal Air, an evolution of the Company's market-leading fecal management system in the U.S. in the second half of 2025; and developing Natura Body, the Company's two-piece soft convex product launching in 2027
- In Continence Care, further extending the launch of GentleCath Air for Women internationally; introducing Cure products in Europe and global emerging markets (GEM); and developing GentleCath Air Pocket and GentleCath Air Set in 2026/2027
- In Infusion Care, infusion technology innovations including a potential new Parkinson's therapy for Mitsubishi Tanabe

Simplify: simplify to improve productivity across the Group's organization

In 2024 and the first half of 2025 the Company continued to make progress in simplifying the organisation and improving productivity.

- In operations, as part of the Plant Network Optimisation programme, for scale and efficiency, the Company completed the closure of its EuroTec facility in the Netherlands and closed its small Herlev site in Denmark in December 2024. The Group continued to realise the benefits of the plant network optimization completed in 2023 and 2024, with more production focused at the large Slovakia site. The Company's Global Quality & Operations (GQO) function continued to introduce smart factory tools and automation to the manufacturing footprint to drive enhanced productivity. Ongoing investments in automation are also driving improved productivity, including in high-speed production and global packaging.
- In commercial, the newly created Global Marketing & Sales (GMS) Centre of Excellence (CoE) drove supplier consolidation across research, advertising and media agencies, delivering cost efficiencies and simplified ways of working.
- In adjusted general and administrative (G&A), 2024 costs reduced to 7.2% of revenue (2023: 8.1%), declining by \$8 million to \$165 million (2023: \$173 million), and in the first half of 2025 adjusted G&A expenses declined to 7% of revenue (first half of 2024: 7.5%). The Company continued to improve, standardise and automate processes, build internal expertise and reduce external third-party spend. The Company also continued to transition activities to its Global Business Services (GBS) centres, which has helped enable a reduction in G&A costs from approximately 12% of revenue to 7% in three years.
- In Finance, the Company's initiative in procure-to-pay has enhanced process, reduced cost, improved cash generation and improved employee experience.
- In IT, the Company insourced its service desk capability, reducing costs and improving colleague satisfaction scores.
- In HR, the Company made significant progress with its transformation by refreshing its operating model and transitioning certain activities, such as payroll, to Global Business Services (GBS) centres in order to standardise our processes and ways of working.

Build: build and embed mission-critical capabilities and winning culture

In 2024 Convatec established its Global Market Access & Reimbursement Centre of Excellence (CoE). This team supports access and reimbursement for the Company's existing brands and new product pipeline. The Company's Global Marketing & Sales (GMS) CoE brings together separate legacy Marketing and Salesforce teams to nurture and drive customer engagement, provide sales leadership training and further improve commercial productivity. The Company's focus remains on strengthening employee engagement and building high-performing teams. Convatec launched a new employee engagement platform to support ongoing dialogue and feedback. The Company achieved a top decile employee engagement score during 2024, with 95% of colleagues sharing feedback.

In the first half of 2025, the Company's investments in research and development, capital expenditures and clinical knowledge were clear examples of adding capability to Convatec. During this period the Company invested \$69 million in capital expenditures to increase capacity and improve productivity. This included beginning a new high-speed line in Infusion Care and further packaging automation in Advanced Wound Care. In addition, the Group's

Sales & Marketing Centre of Excellence (CoE) launched a new global patient service platform to provide more personalized experience in the me+ programme – which will mark its tenth anniversary in 2025 – and the Company continued to automate a range of marketing activity.

Execution: execute with excellence, while integrating environmental, social & governance

In 2024 the Company's Strategic Pricing Centre of Excellence (CoE), in collaboration with business units, supported the delivery of 60 basis points of pricing improvement, included in gross margin. Further, in the first half of 2025 the Strategic Pricing CoE, in collaboration with business units, supported the delivery of another 40 basis points of pricing improvement, included in gross margin. The Company's Global Marketing & Sales (GMS) CoE continued to leverage the single CRM platform to drive enhanced salesforce productivity. Convatec increased call rates and improved targeting, with approximately 70% of calls made to priority (A,B,X) accounts (2023: approximately 60%).

In clinical evidence, the Company's ongoing InnovaMatrix Randomised Controlled Trials are on track to publish in 2026. The Company is also building further Real-World Evidence studies for both InnovaMatrix and ConvaNiox. The Market Access & Reimbursement CoE continued to support the Company's existing brands and new product pipeline. Overall, there are notable synergies across Convatec categories. These include polymer and biomaterial sciences, adhesive technologies, product and clinical development, automated manufacturing, supply chain capabilities and marketing & sales.

The Company has continued to focus on execution excellence within its Global Quality & Operations (GQO) function through continuous improvement initiatives such as the further automation of production lines at Deeside, UK, and the Company's global packaging project to improve terms and pricing.

More than 230,000 healthcare professionals and patients participated in Convatec's educational programmes in 2024, across categories and geographies. This has been a key execution pillar helping the success of new product launches such as Esteem Body. The Company also supported more than 2,300 healthcare professionals with medical education grants.

Local Coverage Determinations impacting InnovaMatrix

InnovaMatrix is the first-ever porcine placental-derived extra-cellular matrix for treatment of chronic, surgical and trauma wounds. It is a highly effective product with significant health benefits to patients and healthcare professionals, strong user feedback and clinical evidence. It has 510k clearance from the US Food & Drug Administration (FDA) based on an established predicate product and offers a popular and effective choice to patients and healthcare professionals. Convatec is continuing to develop sales of InnovaMatrix across a range of indications, both within and outside the United States. The Company published real-world evidence of the effectiveness of InnovaMatrix for Diabetic Foot Ulcers (DFU) and Venous Leg Ulcers (VLU) treatment in December 2024 and is making good progress in two InnovaMatrix randomised controlled trials, which are expected to report in 2026. InnovaMatrix maintains a highly competitive position with low manufacturing costs, and Convatec is well positioned to capture market share to the extent that competitors elect to exit the market. InnovaMatrix performed well in 2024, with InnovaMatrix revenue up 34% year over year to \$99 million.

In November 2024, the US Medicare Administrative Contractors published Local Coverage Determinations (LCDs) for Skin Substitute and Tissue-Based Products for the Treatment of Diabetic Foot Ulcers (DFU) and Venous Leg Ulcers (VLU), proposing to remove coverage under Medicare for the majority of products, including InnovaMatrix. Medicare DFU/VLU sales represented approximately 75% of overall InnovaMatrix sales in 2024. Implementation of the LCDs would mean that InnovaMatrix would no longer be covered for these indications. Assuming implementation of the LCDs in 2025, the Company predicted a reduction in revenue from sales of InnovaMatrix of approximately \$50 million, which would have represented approximately 2% of the Group's revenue in 2025. Implementation of the LCDs was subsequently postponed from 12 February 2025 until 13 April 2025, and in April 2025 the LCDs were further postponed until January 2026.

The now-postponed Local Coverage Determinations (LCDs) created market uncertainty in 2024 and 2025 with respect to InnovaMatrix. This resulted in InnovaMatrix revenues for the first half of 2025 falling 13% year over year to \$39 million, representing 3% of the Group's total revenue.

CMS draft payment proposal for skin substitutes in the United States

On 14 July 2025, the U.S. Centers for Medicare & Medicaid Services (CMS) issued a draft payment proposal for skin substitutes and the start of a sixty-day public comment period. Convatec supports CMS in seeking to remove excess cost and promote responsible market practices but believes that the proposed reimbursement rate may limit

patient choice and product quality. The Group intends to engage fully in the public comment process which closes on 12 September 2025. However, if implemented, the Company expects that this proposal would impact approximately 1-2% of the Group's revenue in 2026.

Proposed Competitive Bidding Program for Ostomy and Catheters

On 30 June 2025, the U.S. Centers for Medicare & Medicaid Services (CMS) announced a consultation on proposed new rules regarding the Durable Medical Equipment, Prosthetics, Orthotics, and Supplies competitive bidding program (DMEPOS CBP). Under the proposed rule, CMS seeks to include intermittent catheter and ostomy products in the DMEPOS CBP. Any price impact from CBP would apply to revenues from Medicare.

Medicare beneficiaries currently enjoy access to a wide range of personalised catheter and ostomy products, plus significant support and advice. The proposed rule changes could impact the choice and supply available to patients and providers. In 2024, Continence and Ostomy product sales via Medicare together represented 7% of the Group's revenue (6% in Continence Care and 1% in Ostomy Care). Convatec estimates that Medicare exposure in Continence Care and Ostomy Care via other distributors represented an additional approximately 2% of the Group's revenue in 2024. If the proposed new rules are implemented, Convatec estimates that the potential headwind could be approximately 1-2% of the Group's revenue in 2027.

Should CMS proceed with rule changes, Convatec is well positioned to continue to grow, based on excellent customer service and loyalty, attractive segment positions and differentiated product portfolio. There are currently 3,000 distributors of Ostomy and Continence products. If this proposal is implemented, it is likely there will be a greater impact on smaller players, and Convatec would be well positioned to gain volume.

Group's Performance Since 2019

Since 2019, the Group has demonstrated a financial track record of increased profitability and lower total debt, positioned to deliver compound growth.

	Year ended 31 December						Six months ended 30 June	
	(\$ million, unless otherwise stated)							
	2019	2020	2021	2022	2023	2024	2024	2025
	(\$ millions unless indicated otherwise)							
Revenue	1,827.2	1,894.3	2,038.3	2,072.5	2,142.4	2,289.2	1,113.4	1,179.9
Organic revenue growth ⁽¹⁾ ..	2.3%	4.2%	5.3%	5.6%	7.2%	7.7%	6.6%	6.0% ⁽⁵⁾
Adjusted operating profit margin ⁽²⁾	19.4%	18.5%	17.7%	19.5%	20.2%	21.2%	20.0%	21.3%
Adjusted net profit ⁽³⁾	232	241	263	257	274	312	139.1	164.6
Adjusted free cash flow to equity ⁽⁴⁾	n/a	n/a	n/a	105	228	302	57.3	58.2
Total Debt ⁽⁶⁾	1,578	1,549	1,435	1,300	1,312	1,202	1,399.6	1,339.9
Cash	386	565	463	144	98	65	96.9	95.7
Adjusted EBITDA	443	445	464	500	527	591	274.9	306.6

(1) Organic revenue growth is calculated by applying the applicable prior period average exchange rates to the Group's actual performance in the respective period under review, excluding the impact of acquired and disposed/discontinued businesses. For a description of how the Group calculates organic growth, see "Presentation of Financial and Other Information—Constant Currency and Organic Revenue Growth".

(2) The Group defines Adjusted operating profit margin as Adjusted operating profit divided by revenue.

(3) The Group defines Adjusted net profit as net profit adjusted for the amortisation of acquisition intangibles, acquisition-related costs, divestiture-related costs, termination benefits and related costs, other adjusting items and other discrete tax items.

(4) Adjusted free cash flow to equity is defined as cash generated from operations adjusted for the effects of certain cash items that management believes are not related to the underlying performance of the Group and net of additions to property, plant and equipment and intangible assets, tax paid, interest paid and payment of leases. The following table presents the reconciliation of cash flows from adjusted operating cash flow,

adjusted free cash flow to capital and adjusted free cash flow to equity. For the six months ended 30 June 2025, the calculation of Adjusted free cash flow has been redefined and no longer adds back non-cash items such as net foreign exchange gains or losses on cash and borrowings and the amortisation of financing fees. The calculation of Adjusted free cash flow in the comparative periods has not been restated on the basis that the balances are not material.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	(\$ million)				
Net cash generated from operations	384.5	490.6	575.5	188.5	218.8
Less: acquisition of PP&E and intangible assets	(144.2)	(129.2)	(122.1)	(50.6)	(68.9)
Adjusted operating cash flow	240.3	361.4	453.4	137.9	149.9
Tax paid.....	(52.9)	(35.9)	(52.1)	(24.4)	(24.8)
Adjusted free cash flow to capital	187.4	325.5	401.3	113.5	125.1
Net interest paid.....	(49.9)	(65.6)	(79.1)	(42.5)	(37.1)
Payment of lease liabilities.....	(20.7)	(22.7)	(24.7)	(12.1)	(12.2)
Financing fee amortisation	(6.6)	(2.8)	(3.0)	(1.6)	-
Foreign exchange gain/(loss) on cash and borrowings	(4.9)	(6.7)	4.6	(0.3)	-
Proceeds from sale of PP&E	-	0.6	2.7	0.3	-
Realised loss on settlement of FX derivatives relating to financing	nil	nil	nil	nil	(17.6)
Adjusted free cash flow to equity	105.3	228.3	301.8	57.3	58.2

(5) Includes InnovaMatrix. The organic revenue growth of the Group's revenue excluding InnovaMatrix for the six months ended 30 June 2025 compared to the Group's revenue excluding InnovaMatrix for the six months ended 30 June 2024 was 6.8%.

(6) Total debt includes total borrowings, current and non-current leases.

Market Categories and Products

Advanced Wound Care

Overview and key products

The Group's Advanced Wound Care category accounted for 32% of the Group's revenue in 2024. The Advanced Wound Care category develops, produces and commercialises innovative and protected solutions to support healthcare professionals in healing wounds in patients with various underlying causes, such as diabetes, venous or arterial diseases, impaired vascularisation or immune systems, or even bed-bound patients suffering from burns or trauma.

The burden of wound management is increasing due to the ageing population and the onset of metabolic disease, leading to an ever-growing need for innovative and cost-effective solutions. The prevalence of hard-to-heal wounds is increasing, with Convatec estimating there are 100 million patients for advanced wound care every year globally. Wound healing rates are low with 50% of wounds unhealed despite therapy. In addition, Convatec estimates that wound-care related costs are increasing, representing approximately 2-4% of healthcare budgets. Convatec estimates that the Advanced Wound Care segment includes (1) approximately \$3 billion in wound biologics, including skin substitutes, collagen dressings and topical delivery drugs, growing at approximately 6% per year, (2) approximately \$2.1 billion in foam products, growing at approximately 6% per year, (3) approximately \$1.1 billion in anti-microbials, growing at approximately 6% per year, (4) approximately \$400 million of single-use negative pressure wound therapy, growing at approximately 10% per year and (5) approximately \$1.9 billion of other products, including alignates & fibre, superabsorbers, hydrocolloids, hydrogels, contact layers, composite/island dressings, films, growing at approximately 4% per year.

Key Convatec products include the Aquacel range of advanced dressings, which features the Group's proprietary Hydrofiber Technology. Hydrofiber turns into a gel when in contact with wound fluid, absorbing and retaining

excess exudate (fluid emitted at the site of a wound), helping to capture bacteria and create an optimal healing environment. The gel contours intimately to the wound bed to help minimise dead spaces, which are potential places of recurring infection. The Aquacel range is particularly renowned and valued for its high exudate management and bacteriostatic property, which has contributed to its unchallenged leadership position for approximately 10 years.

Leveraging the positive impact of Hydrofiber on wound healing, the Group has expanded its Hydrofiber Technology across a range of wound care products with additional indications. For instance, the Aquacel Ag+ range offers additional anti-microbial and anti-biofilm capabilities. Biofilms are a key cause of delayed wound healing and are highly resistant to antibiotics, antiseptics and immune responses. Adding its patent protected MORE THAN SILVER ingredient, Aquacel Ag+ breaks the biofilm in place and kills bacteria, to accelerate wound healing. A clinical study demonstrated that, within an average of 4.5 weeks, 34% of previously static wounds were completely healed and 90% reduced in size when treated with Aquacel Ag+.

The Group also newly launched InnovaMatrix in the U.S. and started to launch it in Latin America. In 2024, revenue from sales of InnovaMatrix was approximately \$99 million, demonstrating its clinical efficacy and popularity with healthcare professionals and patients.

The Group also currently offers a range of Aquacel Foam products for the treatment and prevention of pressure injuries. In 2023, the Group introduced an upgraded range of foam dressings, ConvaFoam, in the U.S. and in 2024, it was launched in Europe.

Furthermore, Aquacel SURGICAL Cover Dressing, combining hydrocolloid and Hydrofiber Technology, offers an effective option to prevent surgical site complications for patients with underlying comorbidities. In line with the Group's aim to always offer the best technology to patients and health care professionals, MORE THAN SILVER technology has been added to the Group's surgical dressings and launched under the brand Aquacel Ag Advantage SURGICAL in the United States.

In April 2025, ConvaNiox, which is the Group's technology that aims to improve outcomes for hard-to-heal wounds, received regulatory approval in the EU and the UK. ConvaNiox is a multimodal wound dressing designed to transform the treatment of hard-to-heal Diabetic Foot Ulcers (DFUs). It combines an advanced dressing technology with the antimicrobial and antibiofilm power of nitric oxide. ConvaNiox delivers improved healing environment —achieving 60% more DFUs healed and three times faster wound area reduction compared to standard care in a randomised controlled trial — while also enhancing patients' quality of life.

The Group expects to launch ConvaNiox in selected markets during the second half of 2025. The first institutions in the UK and Spain have already started to apply ConvaNiox technology. The initial market launch will focus on secondary care and specialist clinics, supporting patients and healthcare professionals in managing Diabetic Foot Ulcers (DFUs).

Additional products offered by the Group's Advanced Wound Care category include the market leading DuoDERM family of hydrocolloid wound dressings and the Avelle System, a disposable Negative Pressure Wound Therapy System integrating the Group's Hydrofiber Technology.

Performance in 2024 and the First Half of 2025

In 2024, Advanced Wound Care revenue of \$743 million increased by 6.8% on a reported basis and 7.4% on both a constant currency and organic basis. This included \$99 million of InnovaMatrix revenue, up 34% year over year, demonstrating the clinical efficacy and popularity with healthcare professionals and patients of the Group's product. Excluding InnovaMatrix, Advanced Wound Care growth in 2024 was 4.2% on an organic basis. Geographically, growth in 2024 was supported by good performance in North America and global emerging markets (GEM). By product type, in antimicrobials, Aquacel Ag+ Extra continued to perform strongly. In foam, recently launched ConvaFoam started to take market share in the U.S. and the Group's European launch progressed well, including Germany and the UK.

In the first half of 2025, Advanced Wound Care revenue of \$367 million increased by 1.9% on a reported basis and 2.1% on an organic basis. Excluding InnovaMatrix, Advanced Wound Care organic growth in the first half of 2025 was 4.3%. InnovaMatrix declined during this period by 13% to \$39 million, as expected given market uncertainty around the now-postponed Local Coverage Determinations (LCDs). Growth was driven by good performance in North America and GEM. The Group saw a growing contribution from ConvaFoam which is taking share and continued to win over 50% of US clinical evaluations and is launching well in Europe. Aquacel Ag+ Extra, the Group's market-leading antimicrobial product, also delivered continued growth.

Advanced Wound Care key focus areas are:

- Building on the Company's strong positions and rolling out recent launches to new markets:
 - Continuing to grow the Company's market-leading Hydrofiber brand Aquacel Ag+ Extra globally
 - Ongoing launch and geographic expansion of ConvaFoam in the US, Europe and GEM
 - Progressing InnovaMatrix RCTs (randomised controlled trials), securing long-term reimbursement, growing in other indications and starting to launch outside the U.S.
- Continuing to develop new products and develop the Advanced Wound Care pipeline with:
 - ConvaNiox, the Company's break-through nitric oxide dressing, launching in the UK, Spain and Italy in the second half of 2025
 - ConvaFiber, the Company's new enhanced hydrofibre dressing, launching in Europe in 2026; and
 - ConvaVac, the Company's single-use negative pressure wound therapy product, launching in 2026

Sales and marketing

Advanced Wound Care customers predominantly consist of large purchasers, primarily wound care clinics, multiple departments within hospitals and long-term care settings. In addition, pharmacy wholesalers also play an important role in advanced wound dressing supply, as a result of prescriptions written by a nurse or a physician.

Historically, in most of the countries where it sells Advanced Wound Care products, the Group's sales and marketing efforts in the category have primarily focused on specialist wound nurses and podiatrists, who make the decisions about which products to use on individual patients, and focused on chronic wounds, which are typically more complex and difficult to manage than acute wounds. The Group has also targeted the physician population and acute care facilities, where surgical sites, burns and complex acute wounds present a market opportunity. By focusing its marketing efforts on specialist nurses, podiatrists and physicians, Convatec aims to leverage familiarity with and popularity of the Group's products within the primary care community to support demand among the clinics, hospitals, care facilities and large organisations that make purchasing decisions.

In the United States, the Group has established a corporate accounts function to develop and maintain relationships with group purchasing organisations (GPOs) and integrated delivery networks (IDNs), which are prevalent in the U.S. market as many of the Group's customers undertake collective efforts to contain costs. Cooperation with GPOs and IDNs is built on a win-win approach to provide best-in-class quality products and services, but also solutions to reduce the occurrence of serious infections that are preventable or patients delayed healing, sources of penalty paid by hospital.

Competitors

The Group's Advanced Wound Care category competes globally with Solventum, Mölnlycke, Smith & Nephew and Coloplast.

Ostomy Care

Overview and key products

The Group's Ostomy Care category, which accounted for 28% of the Group's revenue in 2024, includes devices, accessories, services and digital tools for individuals with a stoma (a surgically-created opening where bodily waste is discharged) commonly resulting from colorectal cancer, inflammatory bowel disease, bladder cancer, obesity and other causes.

Growth in Ostomy Care is being driven by global trends, including (1) an ageing population and increase in life expectancy, with Convatec estimating there are approximately 2.8 million patients globally who require Ostomy Care services, (2) the rise in underlying conditions (such as cancer), with approximately 50% of patients facing these conditions for the rest of their life and (3) improved access to healthcare in emerging markets, where growth is approximately 2x faster than in developed markets. Convatec estimates that the Ostomy Care segment represents approximately \$3.2 billion of sales and is growing at approximately 4-5% per year.

For more than 40 years, Convatec has developed products, accessories and services designed to dramatically improve life with an ostomy. The Group markets a comprehensive product portfolio of One-and Two-Piece Ostomy Systems and accessories to address a full range of customer needs and preferences. Key brands include the advanced pouch ranges of Esteem+ (one piece) and Natura+ (two piece), each of which feature leading skin-friendly and clinically-proven adhesive technologies (Stomahesive, Durahesive and Convatec Moldable Technology), including the newly-launched Esteem Body. Management believes that the vast majority of ostomy patients suffer from skin problems around the stoma site, so the adhesive is a critical aspect of the product's efficacy as it protects from irritating leakage and avoids skin damage.

The Group's ostomy care systems are available with a variety of closure and drainage options, deodorising filters and pouch materials. A line of accessory products complements the Group's pouch systems and offers the opportunity to increase per-customer revenue, as well as developing and maintaining brand loyalty. Key accessory products include Stomahesive paste and powder, Esenta sprays and wipes, and the OstomySecrets clothing line.

The Group publishes literature and online resources to provide facts, photographs and details of what to expect before and after surgery, in recovery and at home. It also provides customer call centres made up of wound, ostomy and continence nurses and product specialists to provide support and answers on how to make living with an ostomy easier.

In addition, the Group's me+ programme, which operates throughout the United States, Europe, Latin America and certain emerging markets, provides support for patients living with their ostomies and an ongoing outlet for Convatec to maintain contact with existing and potential customers. The programme includes access to a dedicated team of nurses and product specialists as well as a range of online resources covering lifestyle tips and advice, educational and guided recovery tools and peer-to-peer support. As of 31 December 2024, the Group had over 600,000 enrolled members in its me+ programme.

Performance in 2024 and the First Half of 2025

In 2024, the Group's revenue in Ostomy Care of \$634 million grew by 4.2% on a reported basis, by 5.6% in constant currency and 5.3% on an organic basis. Esteem Body, the Group's first new ostomy product launch in over a decade, proved to be very successful with patients and clinicians and took Convatec into the one-piece soft convex segment in the U.S. and Europe. Growth in 2024 was also strong in the Group's existing Plus product range and in accessories. In North America, the Group grew sales, supported by the Group's Home Services Group ("HSG") with continued increased new patient starts. The Group delivered double-digit growth in global emerging markets ("GEM") in 2024, outpacing market growth.

In the first half of 2025, Ostomy Care revenue of \$327 million grew by 4.9% on a reported basis, by 5.3% in constant currency and 4.7% on an organic basis. Esteem Body continued to be very successful with patients and clinicians. Growth also was strong in Esenta accessory products. Good growth in the U.S. was supported by the Group's HSG with a continued increase in patient starts. Growth in Europe was steady, and growth in GEM was strong.

Key focus areas in Ostomy Care are:

- Continuing to progress the Company's Ostomy Care innovation pipeline:
 - Expanding the launch of new Esteem Body across focus markets
 - Launching Flexi-Seal Air, a refresh of the Company's market-leading fecal management product, in the U.S. in the second half of 2025
 - Developing Natura Body, the Company's two-piece soft convex product launching in 2027
- Further improving commercial execution across the continuum of care (acute, post-acute and community):
 - Driving US new patient starts through continued close collaboration with Home Services Group (HSG) and strategic partners
 - Enhancing digital engagement with patients through me+ programme services in key geographies, and increasing interactions with healthcare professionals through the Group's education programmes in partnership with key stakeholders like the US Wound, Ostomy and Continence Nurse society.

Sales and marketing

Ostomy Care's customers consist of patients who in general are receiving ostomy care supplies from medical equipment distributors or directly from public healthcare providers. The Ostomy Care category seeks to attract patients at the onset of their ostomy experience and to maintain that relationship for as long as the ostomy is in place, which management estimates for permanent ostomies is typically 10 to 15 years.

In the hospital, ostomy patients typically receive evaluation starter kits containing products and accessories vital to the routine use of ostomy products as well as an application video. The kits also enable the Group to help form a long-term relationship with the patient. The Group's ostomy salesforce focuses their efforts on the post-surgical period while the patient is still in, or recently released from, the hospital, since it is critical to start new patients at this stage. The Group's management estimates that approximately 40-50% of ostomy patients switch products in the first 12 months following surgery. Once patients gain comfort with their ostomy systems, it becomes increasingly difficult to encourage switching to a new ostomy system. In order to serve new ostomy patients during their initial stay in the hospital, the Company's salesforce focuses on the hospital-based decision makers (generally, the ostomy and continence nurses and enterostomal therapy nurses). As in the Advanced Wound Care category, the Group uses its corporate accounts function to market to group purchasing organisations (GPOs) and integrated delivery networks (IDNs) in the United States.

After starting a new patient, the marketing focus shifts from patient support to consumer retention for the duration of the ostomy (in cases of a temporary ostomy) or for the life of the consumer (in cases of a permanent ostomy). The Group has implemented various programmes to maintain consumer loyalty through superior support and service, including comprehensive web-based educational resources for consumers on the Group's websites and call centre services, including the me+ programme or the Company's Home Services Group (HSG). The Group strives to maintain brand loyalty from consumers through product upgrades, accessory products, customer service and product support, as well as direct mailing campaigns and other communications.

The Group also utilises global medical symposia to communicate new technologies and advancements to caregivers and consumers, and has a significant presence at relevant conferences.

Competitors

The Group is one of three global market leaders in ostomy care, competing with Hollister Incorporated (including Dansac, part of the Hollister Group) and Coloplast.

Continence Care

Overview and key products

The Group's Continence Care category, which accounted for 22% of the Group's revenue in 2024, includes products for people with urinary continence issues related to spinal cord injuries, multiple sclerosis, spina bifida and other urological disorders. The category also includes disposable devices and products used for a range of procedures in intensive care units and hospital settings.

The Group offers a portfolio of intermittent urinary catheters, which are predominantly used by people who self-catheterise in order to drain urine from the bladder. Key brands include the GentleCath line of intermittent urinary catheters. The Group also launched GentleCath Air for Women in key markets in Europe and the U.S. In 2024, the Group continued to scale GentleCath Air for Women up with FeelClean Technology in the United Kingdom and Italy, following its successful launch in France.

Catheter usage is largely at home, with customers requiring manual intervention to void their bladders each day (three to six times per day). The Group develops enduring relationships with customers due to their chronic conditions and the Group's distinctive services, averaging a 3-5 year relationship with its end-user. Continence Care is a large and growing market segment with recurring revenue, representing approximately \$2.3 billion of sales and growing at approximately 4% per year.

The Group's Home Services Group ("HSG"), a direct-to-consumer business, operates under the 180 Medical trade name in the United States and Amcare Group in the United Kingdom. While the Group includes HSG in its Continence Care category and the majority of HSG's patients use Continence Care products, HSG also distributes products from the Group's other market categories. As a majority of the Group's product use takes place in the home setting, HSG continues to be a focus for growth across all of the Group's market categories, primarily in Continence Care and Ostomy Care but also in Advanced Wound Care and Infusion Care.

180 Medical is a leading home services medical devices company in the United States, offering high-quality catheters and ostomy products. Convatec acquired the company in 2012. Its sales force of more than 80 employees covers the entire United States. The Group's HSG acquired Woodbury Holdings in 2017, J&R Medical in 2018, and Southlake Medical Supplies in 2019, which in each case further strengthened the Group's Continence Care category. In addition to the Group's GentleCath and the Cure Medical products, 180 Medical also distributes products manufactured by C.R. Bard, Rusch, Rochester, Wellspect, Coloplast and Hollister directly to end-user patients and bills directly approximately 1,800 insurance plans (including Medicare and Medicaid) covering the products sold.

The Group's portfolio also includes a wide range of high-quality disposable medical devices for use in a variety of airway management and urine management care applications, as well as other various therapeutic areas, in high-volume procedures in urology, intensive care, operating rooms and other hospital departments. Products include wound drainage systems; urine collection bags and catheters; airway management and oxygen/aerosol therapy devices; suction handles and tubes; gastroenterology tubes; and securement devices.

Performance in 2024 and the First Half of 2025

In 2024, the Group's revenue in Continence Care of \$501 million increased by 9.7% on a reported basis and 9.8% on a constant currency basis. Organic revenue growth in 2024 was 8.3%. Performance was led by growing volume and market share in the U.S. This was further supported by a modest increase in reimbursed pricing and increasing patient adoption of Convatec-manufactured products (including Cure Medical and GentleCath), which now represent over 50% of 180 Medical sales. Hydrophilic catheters represented 60% of the Group's sales, having increased by approximately 5% in the Group's mix since 2020. The Group's GentleCath Air for Women 2.0 has been very well-received by healthcare professionals and customers, launching in key markets in Europe and the U.S. The Group also made further progress starting to build its international presence, resulting in accelerating growth in the global emerging markets ("GEM") and Europe.

In the first half of 2025, Continence Care revenue of \$259 million increased by 7.0% in both reported and constant currency, and 6.7% on an organic basis. Performance was driven by US volume growth, while Europe and GEM grew strongly from a low base, adding over 1% to Continence Care growth. This was further supported by faster growth in Convatec-manufactured products, which again represented 55% of revenues, including strong growth in Cure Medical and GentleCath brands. The Group's compact catheter GentleCath Air for Women continued to be well-received by healthcare professionals and customers.

Key focus areas in Continence Care are:

- Rolling out launches to new markets:
 - Further extending the launch of GentleCath Air for Women internationally
 - Introducing Cure products in Europe and GEM
 - Developing GentleCath Air Pocket and GentleCath Air Set in 2026/2027
- Further improving commercial execution globally:
 - Continuing to build out and strengthen commercial teams in Europe and GEM

Sales and marketing

The Continence Care business targets patients with a need for intermittent catheter products, which typically include patients with chronic urinary continence issues related to spinal cord injuries, multiple sclerosis, spina bifida and other urological disorders. Intermittent catheter users in general receive their supplies from medical equipment distributors or directly from public healthcare providers.

The Continence Care business focuses on building customer relationships and direct-to-consumer sales, seeking to attract users at the onset of being prescribed an intermittent catheter and then works to maintain that relationship for as long as the patient is supported by a catheter. The Group estimates that most intermittent catheter users utilise two to four catheters per day and may continue catheterising for at least several years, if not the remainder of their lives, depending on the type of urological disorder.

The Group's 180 Medical platform identifies and attracts catheter users on urological wards and rehabilitation clinics where they are initially prescribed an intermittent catheter. To support the new patient capture process, the

Group has a strong commercial focus on physicians and nurses in these facilities and supports caregivers to ensure the patients' continuity of care when leaving the hospital or clinic. Continuity of care is achieved with optimal product selection, fulfilment of patients' immediate supply needs and an optimal service experience on an ongoing basis. The Group strives to offer the best customer service in the market and has implemented various programmes to maintain customer loyalty, including comprehensive web-based educational resources for consumers on the Group's websites, viral marketing blogs and call centre services.

Competitors

Convatec estimates that it is the largest business in the U.S. in Continence Care. Its primary competitors in Continence Care include Coloplast, Bard, Wellspect and Hollister.

Infusion Care

Overview and key products

The Group's Infusion Care category, which accounted for 18% of the Group's revenue in 2024, provides disposable infusion sets to manufacturers of insulin pumps for diabetes and similar pumps used in continuous infusion treatments for other conditions. The Group supplies infusion sets to a number of manufacturers, including Medtronic, AbbVie, Tandem Diabetes, Beta Bionics and Ypsomed.

An insulin pump is an external digitally-controlled device enabling diabetes patients to get continuous delivery of insulin to the body. Infusion sets are the disposable parts connected to the pump via tubing and injected into the patient's body via a cannula, allowing the insulin to be delivered subcutaneously (under the skin). Insulin pumps are a well-established and recognised technology for treatment of many Type 1 and severe Type 2 diabetes patients. In addition to insulin pump therapy for diabetes, the Group also works with pharmaceutical companies and other partners on infusion sets for continuous subcutaneous drug delivery for other diseases, including for Parkinson's disease, primary immunodeficiencies, thalassaemia and palliative pain management. Part of the category's strategy is to diversify its customer base and expand its product offering both within the diabetes market and within adjacent infusion therapies.

The Group's Infusion Care category has a track record of regular innovation, including the MiniMed Mio Advance/Neria Guard infusion platform which enables effective single-handed insertion. In 2024, the Group also partnered with AbbVie allowing the Group's Neria brand infusion sets to be used in AbbVie's new Parkinson's medicine therapy and rolled out across Japan and Europe. Convatec's Neria Guard infusion set currently contributes over 10% of the Group's revenue from its Infusion Care products.

The category's portfolio also includes a broad variety of products for hospital and home healthcare that the Group sells directly to large customers. The Group uses its global manufacturing capabilities and supply chain economies of scale to provide its customers with high-volume, high-quality products, including diethylhexyl phthalate- and PVC-free materials and newly developed multi-layer polyolefin materials. This is a relatively small part of the Infusion Care business.

Performance in 2024 and the First Half of 2025

In 2024, the Group's revenue in Infusion Care of \$411 million increased by 10.8% on a reported basis, and by 11.2% on both a constant currency and organic basis. Growth was driven by strong demand for Convatec infusion sets in both diabetes and non-diabetes treatments.

In diabetes, durable insulin pump penetration accelerated led by increasing adoption of automated insulin delivery and continuing innovation. This included Medtronic's 780G pump, Beta Bionics iLet, Tandem Mobi and Ypsomed's YpsoPump. Diversification of the Group's products and customers progressed very well, both within and outside diabetes.

For non-insulin therapies, the Group's Neria brand infusion sets achieved excellent double-digit growth and included the launch of AbbVie's new Parkinson's medicine therapy, which is approved in 35 countries, including the U.S. where approval was received in October 2024.

In the first half of 2025, Infusion Care revenue of \$227 million increased by 13.7% on a reported basis, and by 14.1% in both constant currency and organically. Growth was driven by further strong demand for Convatec infusion sets in both diabetes and non-diabetes therapies.

In diabetes, we saw high single-digit revenue growth as durable insulin pump penetration accelerated led by increasing adoption of automated insulin delivery and continuing pump innovation. Diversification of the Group's 1 products and customers progressed very well. This included Ypsomed's Ypsopump, Beta Bionics iLet and Tandem Mobi, plus the Group's extended wear set for Medtronic's 780G pump.

For non-diabetes therapies, Neria product range infusion sets achieved high double-digit growth with non-diabetes therapies representing mid-teens of Infusion Care revenue in the first half of 2025. This was driven by the launch of AbbVie's new Parkinson's medicine therapy VYALEV, now approved in 35 countries including the U.S. The Group also welcomed the approval from the US FDA of apomorphine hydrochloride for subcutaneous infusion for the treatment of advanced Parkinson's and look forward to supporting new partners with Neria Guard infusion sets.

Key focus areas are:

- Supporting customer innovation and expansion in diabetes:
 - Medtronic's 780G extended wear pump, Tandem Mobi, Beta Bionics iLet and Ypsomed Ypsopump
 - Increasing penetration of automated insulin delivery instead of multiple daily injections
- Continuing to diversify patient base outside diabetes
 - Supporting AbbVie's Parkinson's launch globally and apomorphine hydrochloride in the U.S.
 - Increasing penetration of infusion sets for other therapies such as pain management
- Enhancing operations:
 - Increasing production capacity to meet accelerating demand

Sales and marketing

The Infusion Care category's customer base primarily consists of insulin pump manufacturers as well as a developing group of partners outside the diabetes segment. Customers of the Infusion Care category include the leading global insulin pump manufacturers. The category has long standing customer relationships with these manufacturers, and contracts with a long duration and in some cases agreed minimum purchase requirements.

The Group's salesforce manages relationships with the leading global insulin pump manufacturers and other smaller customers. The Group treats these relationships as strategic alliance partnerships involving joint product development and specialised manufacturing capabilities. As a result of the difficulty in mass producing millions of infusion sets in delicate micro tolerance processes, pump manufacturers are highly incentivised to buy them at a competitive cost from an efficient and reliable supplier, rather than try to develop production capabilities themselves. As a result of the Company's strong relationships with the Company's key customers, all of the Group's major contracts have recently been extended.

Competitors

The Group supplies the leading global durable insulin pump manufacturers. Its primary competitors include original equipment manufacturers manufacturing infusion sets themselves such as Ypsomed, patch pump manufacturers such as Insulet, as well as a variety of specialised manufacturers.

Technology & Innovation

The Group's T&I global function seeks to develop and deliver innovative and advanced technologies that meet the most important needs of patients and to help clinicians and health care providers advance their medical practice in caring for patients. The Group is continually focused on technology leadership for chronic clinical issues by maximising the applications of its existing product portfolio and developing the next-generation of technologies for each of its business areas. Management also considers the manufacturing process whilst developing the Group's products in order to maintain high quality and achieve robust margins.

Management believes that the Group's technology platform is underpinned by core competencies for the present and the future: infection detection and prevention; advanced materials, process development, user centred design and mechatronics/software as medical devices. The Group's market categories share know-how, best practices and technology in order to maximise synergies and leverage these competencies to drive innovation across the Group's four market categories. For example, the Group's adhesive technologies are used in many products across therapy areas, and infection prevention and skin healing are features across a number of the Group's products. In addition,

the GentleCath range also leverages multiple competencies such as advanced materials and user centred design, as the catheters are designed to reduce insertion-related microtraumas with advanced materials.

The majority of the Group's innovation is conducted internally at its technology centres in Denmark, Slovakia, the United Kingdom, and the United States for newer competency areas like advanced materials and user centred design.

The Group has more than doubled its spend on research and development investment since 2019. In 2024, the Group invested \$102.4 million in adjusted research and development. The Group has continued to strengthen its T&I capabilities and deliver on product launches. New product innovation accelerated with a broadening pipeline across the Group's chronic care markets, including eight new products launched between 2022 and 2024: InnovaMatrix in the U.S. (which is also starting to launch in Latin America); Esteem Body in the U.S. and key European markets; ConvaFoam in the U.S. and key European markets; GentleCath Air for Women in the U.S. and key European markets; an infusion set for the new Beta Bionics iLet Bionic Pancreas system; an extended wear infusion set in the U.S. for the Medtronic 780G pump; an infusion set for the new Tandem Mobi pump; and the Neria Guard infusion set for AbbVie's Parkinson's therapy.

Intellectual Property

The Group holds an extensive portfolio of patents and trademarks across its key market categories and geographies, with over 300 active patent families and more than 2,650 patents and patent applications (on a provisional and non-provisional basis) globally. The Group continually works to establish and maintain its rights and to assess and mitigate risks with respect to intellectual property.

Patents and patent applications are filed and maintained in those countries in which the Group has, or desires to have, a strong business presence. The Group regularly monitors its competitors' product development for potential infringement of the Group's patents and seeks to vigorously defend its position when infringing uses are identified. The Group also retains experienced patent counsel in key jurisdictions, including the United States, the EU and Japan. The Group undertakes a range of measures to manage risks related to its intellectual property, including risks of its own products being found to infringe the intellectual property rights of others, such as patent surveys.

The majority of the Group's patents are related to key technologies, compositions, processes or product features. The Group's core Hydrofiber Technology, catheter technology, Moldable Technology for use in its ostomy products, infusion device technologies, and negative pressure wound therapy (NPWT) technologies are all protected by patents (or patent applications). The Group has also historically been successful in bringing new commercially viable patentable features to market in product upgrades, effectively replacing the Group's older product offering (including for example the successful migration from Aquacel to Aquacel Extra, Aquacel Ag and Aquacel Ag+). The Group's preference is to wholly own its intellectual property, although from time to time it relies on jointly owned intellectual property pursuant to agreements with joint owner(s).

In addition to patent protection, the Group relies on trade secrets and manufacturing know-how (in particular with respect to the Group's products incorporating Hydrofiber, which depends on complex manufacturing and chemical processes to produce) to protect the competitive position of its products. The Group's employees have confidentiality clauses in their employment agreements protecting the Group's confidential information and trade secrets, and certain employees are subject to contractual non-compete requirements.

Group Sales and Marketing

The Group's sales and marketing function is organised on a business unit basis where customer interaction is tailored to the needs of the particular customer, patient and category (e.g. hospitals (and their staff), group purchasing organisations (GPOs), and integrated delivery networks (IDNs) for Advanced Wound Care, Ostomy Care and Continence Care; insulin pump manufacturers for Infusion Care). Emerging Markets and the Home Services Group (HSG) are separate business units to allow for the unique focus on those markets and customers.

In the Group's larger markets with limited customer overlap between categories (for example, the United Kingdom, U.S., China, France and Germany) the Group operates with dedicated sales teams for each category. Conversely, in the Group's smaller markets with significant overlap of customers (for example, Canada and parts of the APAC region), the Group promotes its products through sales teams that operate across the categories.

The Group's selling efforts are complemented by strategic functional support provided by business unit specific global marketing teams which generate materials, digital initiatives and programmes. They also support and drive education and customer engagement efforts including medical symposia, advisory panels and the development of protocols of care, which help support demand for the Group's products among nurses, surgeons, physicians and

patients. Having global brand platforms and campaigns ensures consistent messaging across the Group's geographic markets.

In 2024, the Group launched new Centres of Excellence (CoEs) for Global Marketing & Sales (GMS) and Market Access & Reimbursement, supplementing its existing CoEs which are helping to achieve better pricing and salesforce productivity, particularly following the roll out of a new single customer relationship management platform in its FISBE markets.

Distribution channels

The Group operates in a diverse range of countries and markets, and it employs a variety of channel strategies to meet the needs of each market where it operates. The Group has identified a number of key routes to market, discussed below, that are present in most of these markets and represent the core of the Group's strategy for each of its categories across these geographies.

Hospital channels

The Group's Ostomy Care, Advanced Wound Care and Continence Care products are sold or distributed in hospitals, where the choice for most products is often made by a specialist nurse or doctor. As a result, the Group concentrates much of its sales and marketing activities on supporting those specialist nurses and doctors, with field sales teams visiting them directly in the hospital setting, as well as through call centres and clinical resources, as required. Sales are often made through a distributor. The Group's marketing activities include support across a broad spectrum of activities, from routine to specialist training and patient support, for example addressing when patients transition from the hospital to their home environment.

In the United States, group purchasing organisations ("GPOs") are a significant route of access to the acute care segment. The Group has contracts with many of the largest GPOs across its entire portfolio. Examples of GPOs with which the Group has contracts are Vizient, Premier and Healthtrust (with the exception of Ostomy Care). These agreements are typically for periods of three years.

Distributors and wholesalers

The Group sells its Ostomy Care, Advanced Wound Care and Continence Care products to hospitals and other acute and post-acute healthcare service providers (including long-term care facilities, home healthcare providers and wound clinics) through an extensive network of distributors and wholesalers.

Across its operations, the Group employs a network of external distributors operating in various markets. In many of these markets, the Group works closely with distribution partners who manage the entire distribution process including ordering, warehousing, billing and delivery. The Group has contractual ties with its distributors and wholesalers through volume agreements, tender awards, service level agreements and/or purchase orders. The Group may limit the number of wholesale distributors in a particular market in order to maximise efficiency, and these distributors are subject to geographic restrictions.

Distributors are evaluated for their compliance with the Group's quality standards and their ability to sell and distribute medical products in their respective territories. The Group's distributors are subject to the Group's compliance policies and Code of Conduct and Ethics through covenants in the distribution agreements, and the Group has the ability to monitor compliance with such policies through audit rights. Distribution agreements are generally one to three years in duration, and all distributors must confirm their compliance with relevant legislation upon renewal. The Group generally does not enter into exclusive distribution agreements, although some legacy agreements exist that have exclusivity clauses.

Specialist medical stores, pharmacies and homecare agencies

In many markets, once patients and consumers leave the hospital, they obtain medical device products directly through homecare agencies, specialist medical stores (in the United States, also known as durable medical equipment billers) or pharmacies. Depending on the market, the Group either sells to homecare agencies, specialist medical stores and pharmacists directly or through distributors. These organisations will typically also offer patients and consumers related services, such as home delivery of medical devices, employing nurses to support and look after patients at their home and in the United States, billing for medical device products on behalf of the consumers' insurance. This support is often not restricted to the supply and use of the product, but also extends to all matters of disease management and lifestyle advice.

Direct-to-consumer

As part of the Group's strategy to support patients and consumers, the Group has invested in and established a number of direct-to-consumer channels in various markets to best meet the needs of patients and consumers in those markets.

In the United States, Home Services Group (HSG), through 180 Medical, distributes sterile use catheters and ostomy and disposable medical supplies, including products produced by the Group and other suppliers. In the United Kingdom, home delivery is available for ostomy supplies through Amcare, a Group subsidiary that employs customer service representatives and nurses to support patients in the usage of the products on behalf of the UK National Health Service (NHS).

In a number of markets in both Central and Eastern Europe, Latin America and part of Asia, the Group has invested in and established direct-to-consumer relationships through its ownership of shops and clinics that sell directly to patients and consumers. In Europe and North America, the Group has also established direct-to-consumer digital sales platforms, such as its ostomysecrets.com online platform, which sells clothing and other accessories to support consumers and address the daily needs of living with their chronic conditions.

The key objective of the Group's direct-to-consumer activities, whether digital or otherwise, is to provide support to the Group's patients and consumers in ways that enhance their quality of life, such as through the me+ programme, which focuses on supporting patients and expanding the Group's customer relationships with patients living with their ostomies.

Global Quality and Operations

The Group's global network of manufacturing sites provides significant operational flexibility and the ability to drive continuous improvements in productivity and overall profitability. The Group's core manufacturing capability is benchmarked against global best practices, in compliance with applicable local regulatory requirements and is ISO 13485 accredited.

The Group's own manufacturing capacity is supported by third-party contract manufacturers and linked to a reliable supply chain and broad distribution network. Each external third-party manufacturer is subjected to regulatory qualification, where necessary, and initial and recurring site inspections and audits by the Group and others. The overall supply chain configuration enables the Group to meet the production expectations of its customers while maintaining a high level of product quality, preserving operational flexibility and improving productivity and overall profitability. The Group regularly performs "make or buy" evaluations (being whether to manufacture a product or outsource the manufacturing to a third-party) for each of its products with a view to optimising internal manufacturing capacity, capital expenditure requirements, long-term running costs and quality assurance.

The Group's manufacturing network currently includes seven sites in six countries, some of which are in relatively low-cost labour markets. The following table sets forth each of the manufacturing sites currently in operation.

Location	Specialisation
Deeside (the United Kingdom).....	Advanced Wound Care
Haina (Dominican Republic).....	Advanced Wound Care, Ostomy Care
Memphis (United States)	Advanced Wound Care
Michalovce (Slovakia)	Ostomy Care, Continence Care
Osted (Denmark)	Infusion Care
Reynosa (Mexico)	Infusion Care
Rhymney (the United Kingdom).....	Advanced Wound Care

The Group's global quality and operations teams are focused on ensuring a supply of high quality, cost competitive products to the markets in which the Group's customers are located while maintaining resilience and utilising modern, automated manufacturing plants with low labour content, in each case underpinned by a focus on continuous improvement.

Suppliers

The Group relies on a large number of suppliers for the components and materials required for the production of its products. The Group has long-term relationship with most of its suppliers. Wherever possible, the Group attempts to source materials from multiple suppliers. However, some key components and raw materials are from

a single source, including certain materials used for Aquacel. For products that are currently sourced from a single supplier, the Group is actively identifying and qualifying alternative sources. Historically, the Group has not been impacted by major supply disruptions. The Group operates a central procurement function and is currently focused on a rationalisation of suppliers in its indirect procurement portfolio.

The Group's US specialist durable medical equipment retailer, 180 Medical, supplies products manufactured by C.R. Bard, Rusch, Rochester, Wellspect, Coloplast and Hollister in addition to the Group's products.

Regulation and Compliance

The Group's Quality Management System is designed to support all of the requirements of the various regulatory regimes across the full range of jurisdictions where the Group operates and is accredited to an ISO 13485 standard for medical devices and quality management systems. The Group has established processes and procedures to monitor changes in regulatory regimes and implement quickly any required operational changes within the Group's business. For a brief overview of selected regulations that are applicable to the Group's business, see "*Regulatory Overview*."

The Group has implemented additional policies to prohibit improper payments and has developed enhanced training, compliance programmes and contractual protections to discourage such practices by its employees, distributors and other agents. The Group's agreements with its distributors contain assurances that they deliver compliance training programmes to staff based on the Group's Global Third-Party Compliance Manual. In addition, the Group conducts due diligence on distributors when they are initially engaged and every three years thereafter through an external due diligence provider.

The Group requires that new suppliers agree to adhere to the Company's third-party compliance manual, or demonstrate adherence to the principles stated therein, which may derive from their own codes of conduct. It covers a range of topics and extends the Group's Code of Ethics and Business Conduct and Human Rights and Labour Standards Policy to the supply chain. The manual is introduced to all existing supplier contracts as these are renewed.

For a detailed discussion of the regulatory regimes to which the Group is subject, see "*Regulatory Overview*."

Environmental matters

The Group's facilities and operations are subject to national and local environmental laws and regulations and other requirements, including those regulations governing the generation, use, manufacture, handling, transport, storage, treatment and disposal of, or exposure to, hazardous materials, discharges to air and water, the clean-up of contamination and occupational health and safety matters. The Group periodically audits compliance with environmental laws and regulations and maintains policies requiring its facilities to be in compliance with local regulations and requiring reporting to senior management of any identified areas of non-compliance immediately upon discovery. Management believes the Group is in compliance in all material respects with applicable environmental laws and regulations, and it has been recognised for its environmental capabilities in a number of jurisdictions where it operates. The Group is committed to meeting environmental, social and corporate governance (ESG) stakeholder expectations and being transparent about how it runs its business. The Group's risk rating score from Sustainalytics, a leading independent ESG and corporate governance research and ratings provider, was 14.1 in 2024, indicating low risk rating.

Existing environmental protection legislation and regulations, and compliance therewith, have had no material adverse effect on the Group's capital expenditures, earnings or competitive position. Although the Group continues to make capital expenditures for environmental protection, it does not anticipate any significant expenditures in order to comply with such laws and regulations that would have a material impact on its earnings or competitive position. The Group is not aware of any pending litigation or significant financial obligations arising from current or past environmental practices that are likely to have a material adverse effect on its financial position.

Insurance

The Group maintains a number of insurance policies, including property damage and business interruption, product and public liability, directors and officers, marine cargo, medical malpractice, professional indemnity, terrorism, personal accident and travel, among others. These policies provide specific cover (in terms of limits and exclusions) against a range of risks including those related to physical damage to, and loss of, equipment and property and injury to employees and third parties which may arise through the course of normal business operations. The Group engages an insurance broker to advise on the types and levels of coverage, with most of its insurance policies renewing on an annual basis.

Employees

The total number of employees as at 31 December 2024 was 10,483 (2023: 10,129).

The following table details the average number of the Group's employees by function.

	Year ended 31 December		
	2022 ⁽¹⁾	2023	2024
Operations	5,751	5,559	5,704
Sales and marketing	3,030	3,241	3,311
G&A.....	873	791	857
R&D.....	480	517	538
Total	10,134	10,108	10,410

(1) 2022 comparatives have been re-presented to more accurately reflect the Group's employees by function and location.

The following table details the average number of the Group's employees by location.

	Year ended 31 December		
	2022 ⁽¹⁾	2023	2024
Europe	4,069	3,600	3,655
North America ⁽²⁾	1,356	1,468	1,479
Rest of World ⁽³⁾	4,709	5,040	5,276
Total.....	10,134	10,108	10,410

(1) 2022 comparatives have been re-presented to more accurately reflect the Group's employees by function and location.

(2) North America comprises the United States and Canada.

(3) Rest of World comprises all countries in Asia Pacific, Latin America (including Mexico and the Caribbean), the Middle East (including Turkey) and Africa.

The Group has not experienced any significant labour disputes or work stoppages. All U.S. employees and all employees at the Advanced Wound Care and key Ostomy Care manufacturing sites are non-unionised. Some of the Group's employees in Europe and Mexico are covered by collective bargaining agreements that are customary for the industry or are members of labour unions.

The Group has pension arrangements in most countries in which it operates and has implemented pension plans worldwide. The majority of the Group's pension arrangements are defined contribution schemes, but the Group does have a small number of defined benefit plans with a net pension liability of \$11.5 million at 31 December 2024. In 2024, the Group began funding the pension scheme in Germany.

Employee health and safety is of high importance to the Group. Across the Group's manufacturing facilities, the Group has a dedicated Environment, Health and Safety (EHS) team. The Group's global EHS team leads the development of improved working practices and corporate policies, audits performance against such policies and provides advice and support to local teams to ensure that legislative and company requirements are met. During 2024, the Group completed the planned activities associated with the electrical safety programme and continued to target further improvement across its key initiatives: machinery and equipment safety, developing safety-specific standard work instructions, and enhancing its safety culture programme, tailoring delivery to site specific requirements. Site reviews and targeted development activities have supported improved engagement, enhanced working practices and improved performance.

Legal and Administrative Proceedings

The Group may from time to time be a party to legal, regulatory and administrative proceedings in the ordinary course of business. The Group may from time to time be subject to various product liability lawsuits, product recalls and requirements to issue field corrections related to its products due to manufacturing deficiencies, labelling errors or other safety or regulatory reasons.

REGULATORY OVERVIEW

The Group's business is highly regulated, and it is subject to various government regulations, reimbursement policies and healthcare cost-containment programmes in the countries in which it operates.

The main agencies with regulatory authority over the Group's products are the FDA, the HHS Office of Inspector General ("OIG"), Centers for Medicare & Medicaid Services, DOJ, and state attorneys general in the United States, various country-based competent authorities and "notified bodies" in the European Union and various other agencies in the Group's other markets that tend to resemble either the US or EU regulatory models. The EU model includes accredited notified bodies that oversee the industry and provide governance between the industry and the relevant competent authorities. The Group's notified body is the BSI for the majority of its products and G-Med for its Infusion Care business.

FDA

The Group's research, development, manufacturing and marketing operations are subject to extensive regulation in the United States and other countries. Most notably, all of the Group's products sold in the United States are subject to the US Federal Food, Drug and Cosmetic Act ("FDCA") as implemented and enforced by the FDA. The FDA regulates the following activities that the Group performs or that are performed on its behalf to ensure that medical products distributed domestically or exported internationally are safe and effective for their intended uses:

- product design, development and manufacture;
- product safety, non-clinical and clinical testing, labelling, packaging and storage;
- record keeping procedures;
- product marketing, sales, advertising, promotion and distribution;
- post-marketing surveillance or post market studies, complaint handling, medical device reporting, reporting of deaths, serious injuries or device malfunctions and repair or recall of products; and
- import and export.

The Group and its products are subject to numerous FDA regulatory requirements including:

- product listing and establishment registration, which helps facilitate FDA inspections and other regulatory action;
- US Quality System Regulation ("QSR") which requires manufacturers, including third-party manufacturers, to follow stringent design, testing, control, documentation and other quality assurance procedures during all aspects of the manufacturing process; a new Quality Management System Regulation ("QMSR") will replace the QSR and go into effect on February 2, 2026; the QMSR updates the FDA regulations to align with the internationally recognized standards in ISO 13485:2016;
- labelling regulations and FDA prohibitions against the promotion of products for un-cleared, unapproved or off-label use or indication;
- clearance or approval of new products or certain product modifications;
- medical device reporting regulations, which require that manufacturers comply with FDA requirements to report if their device may have caused or contributed to a death or serious injury, or has malfunctioned in a way that would likely cause or contribute to a death or serious injury if the malfunction of the device or a similar device were to recur;
- post-approval restrictions or conditions, including post-approval study commitments;
- post-market surveillance regulations, which apply when necessary to protect public health or to provide additional safety and effectiveness data for the device; and
- notices of correction or removal and recall regulations.

Unless an exemption applies, each medical device commercially distributed in the United States requires either FDA clearance of a 510(k) pre-market notification, approval of a pre-market approval application, or De Novo classification. Under the FDCA, medical devices are classified into one of three classes—Class I, Class II or Class III—depending on the degree of risk associated with each medical device and the extent of manufacturer and regulatory control needed to ensure its safety and effectiveness. Class I includes devices with the lowest risk to the patient and are those for which safety and effectiveness can be assured by adherence to the FDA's General

Controls for medical devices, which include compliance with the applicable portions of the QSR, facility registration and product listing, reporting of adverse medical events, and truthful and non-misleading labelling, advertising, and promotional materials. Class II devices are subject to the FDA's General Controls and special controls as deemed necessary by the FDA to ensure the safety and effectiveness of the device. These special controls can include performance standards, post-market surveillance, patient registries and FDA guidance documents. While most Class I devices are exempt from the 510(k) pre-market notification requirement, manufacturers of most Class II devices are required to submit to the FDA a pre-market notification under Section 510(k) of the FDCA requesting permission to commercially distribute the device. The FDA's permission to commercially distribute a device subject to a 510(k) pre-market notification is generally known as 510(k) clearance. Devices deemed by the FDA to pose the greatest risks, such as life sustaining, life supporting or some implantable devices, or devices that have a new intended use, or that use advanced technology that is not substantially equivalent to that of a legally marketed device (known as a "predicate" device), are placed in Class III, requiring a pre-market approval, or PMA. In cases where there is no legally marketed predicate device, a manufacturer may request De Novo classification into Class I or II based on adequate supporting data. Some pre-amendment (i.e., pre-1976) devices are unclassified, but are subject to the FDA's pre-market notification and clearance process in order to be commercially distributed. The majority of the Group's devices are classified as Class I or II, although the Group manufactures or sells devices in each of the three classes.

In the 510(k) clearance process, the FDA must determine that a proposed device is "substantially equivalent" to a predicate device, with respect to intended use, technological characteristics and safety and effectiveness, in order to clear the proposed device for marketing. Bench tests, pre-clinical and/or clinical data are sometimes required to support substantial equivalence. The PMA approval pathway requires an applicant to demonstrate the safety and effectiveness of the device based, in part, on data obtained in clinical trials. Both of these processes (as well as the De Novo classification process) can be expensive and lengthy and entail significant fees, unless exempt. The FDA's 510(k) marketing clearance process usually takes from three to 12 months, but it can last longer. The process of obtaining PMA approval or De Novo classification is much more costly and uncertain than the 510(k) marketing clearance process. It generally takes from one to three years, or even longer, from the time the PMA application is submitted to the FDA, until an approval is obtained; De Novo classification requests may take less time. In the United States, the Group's currently commercialised products have received pre-market clearance under Section 510(k) of the FDCA or are exempt. Certain products also require pre-market clinical testing for safety and efficacy.

The FDA has broad regulatory enforcement powers. The Group is subject to unannounced inspections by the FDA to determine its compliance with the QSR and other regulatory requirements, and these inspections may include the manufacturing facilities of some of the Group's subcontractors. Failure by the Group or its subcontractors to comply with applicable regulatory requirements can result in enforcement action by the FDA or other regulatory authorities, which may result in sanctions including, but not limited to:

- untitled letters, warning letters, fines, injunctions, consent decrees and civil penalties;
- unanticipated expenditures to address or defend such actions;
- customer notifications for repair, replacement, and/or refunds;
- recall, detention or seizure of the Group's products;
- operating restrictions or partial suspension or total shutdown of production;
- refusing or delaying the Group's requests for 510(k) clearance or PMA approval of new products or modified products;
- withdrawing 510(k) clearances or PMA approvals that have already been granted;
- refusal to grant export approval for the Group's products; or
- criminal prosecution.

For further information regarding the potential impact of compliance with FDA's regulations, see "*Risk Factors—Compliance Risks—The Group may face product quality issues.*"

Other US Healthcare Laws

The Group is also subject to healthcare regulation and enforcement by the federal government and the states and foreign governments in which it conducts its business. These laws include, without limitation, state and federal anti-kickback, fraud and abuse, false claims, physician sunshine and privacy and security laws and regulations.

The US Anti-Kickback Statute prohibits, among other things, any person from knowingly and wilfully offering, soliciting, receiving or providing remuneration, directly or indirectly, to induce either the referral of an individual for an item or service or the purchasing or ordering of a good or service, for which payment may be made under federal healthcare programmes such as the Medicare and Medicaid programmes. The US Anti-Kickback Statute is subject to evolving interpretations. In the past, the government has enforced the US Anti-Kickback Statute to reach large settlements with healthcare companies based on sham consulting and other financial arrangements with physicians. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. In addition, the government may assert that a claim including items or services resulting from a violation of the US Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the US Federal False Claims Act, which as discussed below could give rise to treble damages. The majority of US states also have anti-kickback laws which establish similar prohibitions and in some cases may apply to items or services reimbursed by any third-party payer, including commercial insurers.

Additionally, the civil False Claims Act prohibits knowingly presenting or causing the presentation of a false, fictitious or fraudulent claim for payment to the US government. A person who acts in reckless disregard or in deliberate ignorance of the truth or falsity of information can further be found liable under the False Claims Act. Actions under the False Claims Act may be brought by the Attorney General or as a *qui tam* action by a private individual in the name of the government. Violations of the False Claims Act can result in very significant monetary penalties and treble damages. The federal government is using the False Claims Act, and the accompanying threat of significant liability in its investigation and prosecution of device and biotechnology companies throughout the country, for example, in connection with the promotion of products for unapproved uses and other sales and marketing practices. The government has obtained multi-million and multi-billion dollar settlements under the False Claims Act in addition to individual criminal convictions under applicable criminal statutes. Given the significant size of actual and potential settlements, it is expected that the government will continue to devote substantial resources to investigating healthcare providers' and manufacturers' compliance with applicable fraud and abuse laws.

To the extent the Group directly bills government healthcare programmes or maintains referral relationships for the provision of its products, its financial relationships with referring physicians may be subject to the Stark Law, which prohibits, among other things, physicians who have a financial relationship, including an investment, ownership or compensation relationship with an entity, from referring Medicare and Medicaid patients to the entity with which it has such financial relationship for designated health services, which include the provision of many DMEPOS, unless an exception applies. Similarly, entities may not bill Medicare, Medicaid or any other party for services furnished pursuant to a prohibited referral. Unlike the US Anti-Kickback Statute, the Stark Law is a strict liability statute, meaning that all of the requirements of a Stark Law exception must be met in order for referrals to an entity by a physician with a financial relationship with the entity to be compliant with the law. Penalties for violating the Stark Law include denial of payment, civil monetary penalties of up to \$15,000 per claim submitted, and exclusion from federal healthcare programmes, as well as a penalty of up to \$100,000 for attempts to circumvent the law.

The federal Health Insurance Portability and Accountability Act of 1996, as subsequently amended ("HIPAA"), applicable fraud provisions (often referred to as the "HIPAA Fraud Statute") established a national Health Care Fraud and Abuse Control Program under the joint direction of the DOJ and the OIG to coordinate federal, state and local law enforcement activities with respect to health care fraud and abuse. The law (as expanded) also prohibits, among other actions, knowingly and wilfully executing, or attempting to execute, a scheme to defraud any healthcare benefit programme, including private third-party payers, knowingly and wilfully embezzling or stealing from a healthcare benefit programme, wilfully obstructing a criminal investigation of a healthcare offense, and knowingly and wilfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the US Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation.

There has also been a recent trend of increased federal and state regulation of payments made to physicians and other healthcare providers. The ACA, among other things, imposed new reporting requirements on device manufacturers for payments made by them to physicians and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members. Failure to submit required information may result in civil monetary penalties of up to an aggregate of \$150,000 per year (or up to an aggregate of \$1 million per year for "knowing failures"), for all payments, transfers of value or ownership or investment interests that are not timely, accurately and completely reported in an annual submission. Device manufacturers were required to begin collecting data on 1 August 2013 and must submit annual reports to CMS by the 90th day of each calendar year. Certain states also mandate implementation of compliance programmes, impose restrictions

on device manufacturer marketing practices and/or require the tracking and reporting of gifts, compensation and other remuneration to physicians.

The Group may also be subject to data privacy and security regulation by both the federal government and the states in which it conducts its business. HIPAA, as amended by the Health Information Technology and Clinical Health Act of 2009 (“HITECH”), and their respective implementing regulations, including the final omnibus rule published on 25 January 2013, imposes specified requirements relating to the privacy, security and transmission of individually identifiable health information. Among other things, HITECH makes HIPAA’s privacy and security standards directly applicable to “business associates,” defined as a person or entity that performs certain functions or activities that involve use or disclosure of protected health information on behalf of, or provider services to, a covered entity. HITECH also increased the civil and criminal penalties that may be imposed against covered entities, business associates and possibly other persons, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorney’s fees and costs associated with pursuing federal civil actions. In addition, state laws govern the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways, thus complicating compliance efforts.

European Regulations on Medical Devices

The main regulatory regimes to which the Group’s products are subject in the EU are the EU Medical Device Regulation (“MDR”) and the ISO 13485 quality system standards for medical devices. These regulatory regimes include requirements for:

- product design, development and manufacture;
- product safety, labelling, packaging and storage;
- record keeping procedures;
- post-marketing surveillance or post-market studies, complaint handling, medical device reporting, reporting of deaths, serious injuries or device malfunctions and repair or recall of products; and
- import and export.

Following a transition period, the MDR became fully applicable on 26 May 2021. The MDR consolidates pre-existing regulations on medical devices, especially the Medical Device Directive (“MDD”), and on active implantable medical devices, in particular the Active Implantable Medical Devices Directive (“AIMDD”). The In Vitro Diagnostic Regulation (“IVDR”) has become fully applicable on 26 May 2022. While the MDR is directly applicable and does not require transposition into the laws of the member states, each member state of the EU is responsible for applying the MDR. For this purpose, provisions of the MDR are partly reflected in national laws. In Germany, for example, the Medical Products EU Amendment Act (Medizinprodukte-EU-Anpassungsgesetz, “MPEUAnpG”) has been adopted for necessary adjustments to national legislation.

Compared to the MDD, the MDR provides more legal certainty and sets higher standards of quality and safety for medical devices. For example, the MDR provides for extensive requirements for post-market surveillance including a post-market surveillance plan as well as reports (e.g. Periodic Safety Update Report (PSUR)). Also, clinical evaluations and clinical trials are regulated and prescribed in more detail.

The MDR requires that all medical devices meet the general safety and performance requirements in order to affix a CE Mark on the device, thus allowing it to be marketed and sold in the EU. Like the MDD, the MDR provides for classification of all medical devices into one of four classifications: Class I (low risk), Class IIa and IIb (medium risk) and Class III (high risk). The classes determine which conformity assessment procedure is required to demonstrate conformity with safety and performance requirements and whether a notified body needs to be involved.

Subject to certain exceptions, Class I devices can be self-certified by the manufacturer, thereby declaring that the device meets all relevant requirements of the MDR. The manufacturer must primarily put in place a quality management system and a system for risk management, perform a clinical evaluation, compile a technical construction file, and a Declaration of Conformity must be signed by a competent person who has been duly trained. Involving a notified body in the conformity assessment procedure or for certifying the quality management system is not required for Class I devices.

Class II devices are further separated into Class IIa and Class IIb devices. Class IIa devices may be self-certified by the legal manufacturer so long as the manufacturer’s quality management system has been independently assessed to meet the requirements of that particular type of device. Where applicable, the Group’s quality

management system meets this requirement. Class IIb devices must be independently reviewed by an accredited notified body in order to affix the CE Mark to the device.

Class III devices require notified body review in all cases and further review of all life-cycle management changes when deemed significant.

Each member state's competent authority and the Group's notified bodies have broad regulatory enforcement powers. The Group is subject to unannounced inspections and general surveillance visits by the notified bodies to review the quality management systems. Further, the quality management systems are audited every three years to ensure continued compliance with ISO 13485. Class IIa, IIb and III devices are subject to ongoing review by the notified bodies, with the time periods varying from case to case. In any case, certificates of conformity may not be valid for more than five years, with the possibility of extending the validity of the certificate for further periods, each not exceeding five years, upon application by the manufacturer, based on a re-assessment in accordance with the applicable conformity assessment procedures. All inspections and audits may also include the relevant manufacturing and R&D facilities of some of the Group's subcontractors where designated "critical" by the relevant competent authority. Competent authorities also have authority over certain of the Group's facilities.

Generally, certificates of conformity issued by notified bodies under the MDD do not carry over to the new MDR framework and were to be reobtained by 25 May 2021. However, medical devices which are marketed based on valid certificates of conformity issued under the MDD after 25 May 2017 may continue to be placed on the market for an interim period under certain conditions. The interim periods differ for the respective product classes (class III products and most class IIb implantable products: 31 December 2027; class IIb products other than those mentioned before, class IIa products, class I products placed on the market in a sterile state or with a measuring function, and products for which the conformity assessment procedure under the MDD did not require the involvement of a notified body, for which the certificate of conformity was issued before 26 May 2021 and for which the conformity assessment procedure pursuant to the MDR requires the involvement of a notified body: 31 December 2028) and their respective application is subject to specific conditions. In any case, medical devices being marketed based on their MDD certificates of conformity may not undergo significant changes as, otherwise, they would lose their grandfathered status (but could then obtain a certificate of conformity under the MDR). This may limit commercialisation of these medical devices. The Group makes use of these transitional provisions and currently still places some MDD certified medical devices on the EU market.

Compared to the MDD, the MDR stipulates additional requirements, which, in part, already apply to manufacturers of medical devices that benefit from certain grace periods (as set out above). The MDR has in particular changed the risk classification of certain medical devices, most notably related to substances and software. Certain Class I devices now require review and oversight by a notified body. Under the MDR, the 14 essential requirements for a medical device as set out in the MDD are extended to and replaced by 23 general safety and performance requirements. Manufacturers are also required to appoint a person responsible for regulatory compliance.

For most devices of Class II and above, conformity assessment requires specific clinical data on the device under review – not only general clinical literature – in order to support the efficacy of the conformity assessment. In addition, the MDR stipulates obligations to report to EUDAMED (European database on medical devices). Under the MDR, a unique device identifier (UDI) shall be affixed to the labelling of the product and at all higher levels of packaging. The MDR further expands the content on label and promotional materials, technical documentation has to contain more detailed information and the requirements to provide information in the languages of the member states of the EU targeted for sales have been widened.

Post-market surveillance and clinical follow-up has generally become more stringent and broadened under the MDR. The MDR distinguishes between vigilance as the identification, reporting and trending of serious incidents and the conduct of safety related corrective actions, and post market surveillance as the proactive monitoring of information from various sources used to periodically reconfirm that the benefits of the device continue to outweigh its risks.

Failure by the Group or its subcontractors to comply with applicable regulatory requirements can result in actions such as invalidating the quality management system or withdrawal of CE Mark certificates, refusal to grant CE Marks to new products or forced recalls of products.

On 31 January 2020, the United Kingdom withdrew its membership in the European Union ("Brexit"). The MDR and the IVDR were not EU-derived domestic legislation on the day the United Kingdom exited the European Union and therefore do not apply in the United Kingdom according to the European Union (Withdrawal) Act 2018, as amended. However, the UK Medicines and Healthcare Products Regulatory Agency ("MHRA") will continue to accept medical devices which have been placed on the market in accordance with EU regulations until

30 June 2023. From 1 July 2023 onwards, new medical devices placed on the market in the United Kingdom will need to conform with applicable laws of the United Kingdom and will in particular need to bear a UK Conformity Assessed marking, which essentially replaces the previous CE Mark.

European Product Liability Law

The Group is subject to various European legal regimes on product liability. In addition to any existing rights that consumers enjoy under domestic law, the new EU Directive 2024/2853 on liability for defective products (the “Product Liability Directive”) provides for a scheme of strict product liability for damage arising from defective products. This new regime generally implies an increase in potential liability for manufacturers compared to the previous Council Directive 85/374/EEC.

The Product Liability Directive sets out the principle that a producer shall be liable for the damage caused by a defect in its product or any of its components, irrespective of fault. The protected legal interests of the consumers include:

- (a) life and physical integrity, including medically recognised damage to psychological health;
- (b) property, except the defective product itself and certain other specified exceptions;
- (c) data that are not used for professional purposes.

Under the Product Liability Directive, a product is defective if it fails to provide the safety that a person is entitled to expect or that is required under EU or national law, taking into account all circumstances, such as, inter alia, the presentation and the characteristics of the product, reasonably foreseeable use of the product, and the specific needs of the group of users for whose use the product is intended.

The burden of proof with regard to the defectiveness of the product, the damage suffered and the causal link between that defectiveness and that damage lies with the claimant, whereby, however, broad presumption rules and simplifications exist in favour of the claimant.

Member States shall transpose the Product Liability Directive into national law by 9 December 2026. The former Council Directive 85/374/EEC will also cease to apply with effect from 9 December 2026; however, it continues to apply with regard to products placed on the market or put into service before that date.

Other Jurisdictions

Many of the requirements applicable to the Group’s devices and products around the world are similar to those of the United States or European Union, although they differ in detail, particularly with regard to pre-market registrations or clearances and risk classifications.

In some regions, the level of government regulation of medical devices is increasing, which can lengthen time to market and increase registration and approval costs. In many countries, the national health or social security organisations require the Company’s products to be qualified before they can be marketed and considered eligible for reimbursement.

Laws range from comprehensive device approval requirements for some or all of the Group’s products to requests for product data or certifications. Inspection of and controls over manufacturing, as well as monitoring of device-related adverse events, are also components of most of these regulatory systems. The general trend is toward increasingly stringent regulation.

To be sold in Japan, most medical devices must undergo thorough safety examinations and demonstrate medical efficacy before they are granted approval through a pre-market approval application, or *shonin*. The Japanese government regulates medical devices under the Pharmaceutical Affairs Law. Oversight for medical devices is conducted through the Pharmaceutical and Medical Devices Agency, a government organisation responsible for scientific review of market authorisation applications, and inspection and auditing of manufacturers to ensure compliance with clinical, laboratory, and manufacturing practice requirements. Penalties for a company’s noncompliance with applicable regulations could be severe, including revocation or suspension of a company’s business licence and criminal sanctions. The Group is subject to inspection for compliance by the Japanese Ministry of Health, Labour and Welfare and the Pharmaceutical and Medical Devices Agency.

Coverage and Reimbursement

The Group’s product portfolios are subject to hospital payment levels, community reimbursement policies and fees of third-party payers in each country in which its products are sold. Coverage and reimbursement in international markets vary significantly by country and include both government-sponsored healthcare and private insurance. Various factors have driven healthcare reforms in many countries where the Group sells its products, such as increasing per capita healthcare consumption in developed markets as a result of increased life expectancy,

increased incidence of chronic illnesses, defensive medicine and other factors. These reforms, combined with government austerity programmes following the global recession, have generally been accelerated in an effort to reduce overall healthcare spending. As a result, national healthcare systems have sought ways to limit cost increases, placing downward pressure on the prices of many of the Group's products while putting increased emphasis on differentiated products and support services that can provide improved patient outcomes and cost-effective benefits to patients.

United States

In the United States, reforms mandated by the ACA have increased provider regulation and risk of payment penalties for poor patient outcomes. Increasingly, manufacturers need to demonstrate with clinical evidence that their products not only perform on individual patients, but also help providers meet ACA-mandated quality and outcomes measures. This requires the Group to provide higher levels of evidence of the benefits of new technologies and creates increased pricing pressures for the Group's older, existing technologies that may not have the requisite evidence. Some of these impacts are spread over several years due to multi-year contracts.

The ACA also expanded the DMEPOS Competitive Bidding Program for medical devices sold in retail settings outside of the hospital. None of the products manufactured by the Group are in categories currently included in the Competitive Bidding Program however, retail supplier consolidation as a result of the programme may place downward pressure on the Group's prices as larger retailers qualify for discounted volume pricing. See also "*Risk Factors—Risks Relating to the Group's Business and Industry—Changes in reimbursement practices could adversely affect the Group.*"

Europe

Healthcare reforms in certain European countries are triggering government payers to implement cost-cutting measures that result in reduced recognition of brand differences for medical technologies in reimbursement schemes and higher clinical and health economic evidence requirements. In the United Kingdom, decentralisation of large portions of the NHS is encouraging new business and contracting models involving economic decision makers. Reforms creating internal and external market forces on healthcare delivery, shifting care "closer to home" to less expensive settings and increasing focus on prevention and management of chronic disease are changing the landscape in which the Group sells. While the increased focus on efficiency provides selling opportunities for the Group's products with strong value messages for care providers and prescribers, this focus has yet to fully filter through to procurement bodies which still largely base decisions solely on price.

Reimbursement in the United Kingdom is governed by the Drug Tariff, which defines what will be paid to pharmacy contractors for NHS services provided either for reimbursement or for remuneration. The Drug Tariff currently in place in England covers both England and Wales while Scotland and Northern Ireland maintain and publish separate Drug Tariffs.

In Germany, there are two reimbursement systems for outpatient care, one for private health insurance and one for statutory health insurance. Statutory health insurance is governed by the Uniform Evaluative Standard (*Einheitlicher Bewertungsmaßstab*), which is a catalogue of medical services that defines and assesses how much a doctor is paid for providing a specific service. Medical devices are either included in the approved tariff or billed separately, depending on the service provided. For ostomy services, insurers and healthcare providers have implemented agreements to define the amount of reimbursement for ostomy devices. Medical devices that are reimbursed under statutory health insurance as so-called "auxiliary devices" (*Hilfsmittel*) can be listed in a specified directory (*Hilfsmittelverzeichnis*), a non-exhaustive list, in which the statutory health insurance lists auxiliary devices covered. Inpatient reimbursements are based on diagnosis-related groups. For private health insurance, the costs of the medical products are reimbursed in accordance with the tariff conditions and the catalogue of aids of the private health insurance in question.

In Italy, Ostomy and CC device reimbursement is set by the national government, although there are some cases in which regional authorities have updated tariffs. For moderm dressings, the reimbursement in community is limited to hydrocolloids for patients with particular handicaps certified by the government. The rest of the Advanced Wound Care (and Critical Care) products are purchased by hospitals and included in a patient's cost of care.

In Spain, medical devices are either categorised as (i) products purchased directly by hospitals and included in a patient's cost of care or (ii) products reimbursed with a level of co-payment (0% to 60%) from the patients (depending on the income). Ostomy and Wound Care products can be sold in pharmacies to patients and must be approved by the Spanish Ministry of Health.

In France, medical device prices and reimbursement rates are negotiated between CEPS (*comité économique produits de santé*) and the manufacturer. All generic products of the same type receive the same reimbursement. Brand name products may use premium pricing.

APAC

Japan, South Korea, Australia and New Zealand have advanced reimbursement mechanisms with coverage across all aspects of the Group's product portfolio. Recent government budget cuts and the resulting cuts to reimbursements have created risk for the Group, in particular for Advanced Wound Care. There has also been a shift toward consolidation of vendors and government tendering, which has increased competitive pressures. Patients in China, India and other developing countries in southeast Asia tend to pay out-of-pocket. There is opportunity for expansion in these countries as the number of patients who can afford premium healthcare products grows.

MANAGEMENT

Directors of the Company

The following table lists the names, ages and positions of the directors of Convatec Group plc, the parent company of the Group.

As announced on 4 August 2025, Convatec Chief Executive Officer Karim Bitar is on a medical leave of absence from the Company. During the period of absence, Jonny Mason, Chief Financial Officer, is acting as Interim Chief Executive Officer, and Fiona Ryder, Group Financial Controller, is acting as Interim Chief Financial Officer. For Ms. Ryder's biography, see "*—Executive Leadership Team of the Company*" below.

Name	Age	Position
Dr. John McAdam	77	Chair
Karim Bitar.....	60	Chief Executive Officer
Jonny Mason.....	61	Chief Financial Officer, currently acting as Interim Chief Executive Officer
Margaret Ewing.....	70	Senior Independent Non-Executive Director
Brian May.....	61	Independent Non-Executive Director
Prof. Constantin Coussios	48	Independent Non-Executive Director
Heather Mason	65	Independent Non-Executive Director
Kimberly Lody	60	Independent Non-Executive Director
Sharon O'Keefe.....	73	Independent Non-Executive Director

Dr. John McAdam, CBE (Chair)

John was appointed Chair of Convatec Group plc in September 2019 and is Chair of the Nomination Committee. John was the Chair of United Utilities Group plc between 2008 and 2019 and served as Senior Independent Director of Cobham plc. John has previously been a Non-Executive Director of Wilmcote Holdings plc and of a number of FTSE 100 and US companies, including Rolls-Royce Group plc, J Sainsbury plc and The Sara Lee Corporation. He spent more than two decades at Unilever before joining ICI, where he became Chief Executive in 2003 until its takeover by Akzo Nobel in 2008. Previously, John was Chair of Rentokil Initial plc from 2008; he stepped down from this role earlier in 2019. With 20 years' service as a board director, including as Chair and Chief Executive Officer in companies undertaking transformation, John has a wealth of experience on which to draw in his role as Chair and leader of the Board. John has a BSc (Hons) Chemical Physics, a Diploma in Advanced Studies in Science and a PhD.

Karim Bitar (Chief Executive Officer)

Karim was appointed Chief Executive Officer in 2019. Previously, Karim was Chief Executive Officer of Genus plc, a leading global agricultural biotechnology company. During his eight-year tenure, he helped transform Genus into a technology pioneer with leading global franchises in dairy, beef and pork genetics. Prior to this, Karim worked for over 15 years with Eli Lilly & Company and was President of Lilly Europe, Canada and Australia before joining Genus. An ex- McKinsey & Company consultant, he worked across Asia and Europe, and also held management roles at Johnson & Johnson and the Dow Chemical Company.

Karim was a Non-Executive Director of Spectris Plc, a leading global analytical instrumentation company, from June 2017 to January 2022, and is a member of the University of Michigan Ross School of Business Advisory Board. Karim has a Masters (Hons) in Business Administration, University of Michigan, Ross School of Business and a Bachelor of Science in Biochemistry, University of Wisconsin.

Jonny Mason (Chief Financial Officer, currently acting as Interim Chief Executive Officer)

Jonny was appointed as Interim Chief Executive Officer on 4 August 2025. He was appointed as Chief Financial Officer of the Company in March 2022. Prior to joining Convatec, Jonny was Chief Financial Officer of Dixons Carphone plc, now known as Currys plc, between 2018 and 2021. Previous roles include Chief Financial Officer of Halfords plc from 2015 and interim Chief Executive Officer of Halfords plc between September 2017 and January 2018. Jonny has built up a diverse and strong portfolio of experience, including being Chief Financial Officer of Scandi Standard AB, Chief Financial Officer at Odeon and UCI Cinemas and Finance Director of Sainsbury's Supermarkets. Jonny graduated with a BSc in Mechanical Engineering from the University of Manchester and a Master's in Business Economics from INSEAD.

Margaret Ewing (Senior Independent Non-Executive Director)

Margaret joined the Board in August 2017 and, in addition to being the Senior Independent Director, is Chair of the Audit and Risk Committee. She is currently a Non-Executive Director and Chair of the Audit and Risk Committee of ITV plc and a Non-Executive Director of International Consolidated Airlines Group, S.A., where she is member of the Audit and Compliance Committee and the Nominations Committee. Margaret has held Non-Executive Director roles with Standard Chartered plc, Whitbread plc and the Confederation of British Industry and was also the Independent External member of the Audit Committee of the John Lewis Partnership. From 1987 to 1999, she was a corporate finance partner of Deloitte LLP and returned to the firm in 2007 as a Vice Chairman and latterly as Managing Partner, before retiring in 2012. Margaret was Chief Financial Officer of Trinity Mirror plc from 2000 to 2002 and Chief Financial Officer of BAA PLC from 2002 to 2006.

Brian May (Non-Executive Director)

Brian joined the Board as a Non-Executive Director in March 2020 and is Chair of the Remuneration Committee. He is currently a Non-Executive Director of Ferguson Enterprises Inc., where Brian is also a member of its Nominations and Governance Committee and Audit Committee and a Non-Executive Director of OFI Group Limited, where he is also Chair of its Audit Committee.

Brian has previously served as a Non-Executive Director of United Utilities Group PLC between September 2012 and July 2021. Brian was formerly Chief Financial Officer of Bunzl plc from 2006 to 2019 and, prior to that, he held a number of senior management finance roles with Bunzl, including divisional Finance Director, Group Treasurer and Head of Internal Audit. He qualified as a Chartered Accountant with KPMG in 1988.

Professor Constantin Coussios, OBE (Non-Executive Director)

Constantin joined the Board as a Non-Executive Director in September 2020 and is an internationally recognised key opinion leader in the fields of biomedical engineering, image-guided therapy and drug delivery. Constantin holds a BA, MEng, MA and PhD degrees in Engineering from University of Cambridge and was appointed to the first Statutory Chair in Biomedical Engineering at the University of Oxford in 2011. He is currently the Director of the Institute of Biomedical Engineering at the University of Oxford, which is focused on the disciplines of non-invasive therapies, drug delivery, regenerative medicine, medical imaging, AI in healthcare, neurotechnology and biomaterials. Constantin is also Professor Fellow of Magdalen College and a Trustee of the Oxford Transplant Foundation.

Beyond his roles in academia, Constantin also has a proven track record of translating research into technology through entrepreneurship, recognised by the 2017 Silver Medal of the Royal Academy of Engineering. He is the founder and has been CTO/CSO of three successful spin-outs, OrganOx Limited, OxSonics Limited, and OrthoSon Limited, and now serves on each of their boards as a Non-Executive Director. Between 2014 and 2020, he direct and led the Oxford Centre for Drug Delivery Devices, a cross-disciplinary centre working across pharmaceutical and medical device companies and the NHS. In 2019, he was elected a Fellow of the Royal Academy of Engineering.

Heather Mason (Non-Executive Director)

Heather joined the Board as a Non-Executive Director in July 2020. She is currently Chair of SCA Pharma, Non-Executive Director of Pendulum Therapeutics, Inc., Immatics N.V. and Assertio Holdings Inc. where Heather is also a member of the Audit Committee and Compliance Committee.

Heather spent 27 years with Abbott Laboratories where she held a number of global senior operational and strategic leadership roles, including Senior Vice President of Abbott Diabetes Care and most recently, Executive Vice President of Abbot Nutrition. Prior to joining Abbott, Heather worked for Quaker Oats, FMC Corporation, and Commonwealth Edison. Heather holds a B.S.E. in Industrial Engineering from the University of Michigan and an M.B.A. from the University of Chicago.

Kimberly Lody (Non-Executive Director)

Kimberly joined the Board as a Non-Executive Director in February 2022. Kimberly is currently Chair of Nobi N.V., she also serves on several industry-related boards and committees and has previously held various other senior leadership roles. Kimberly previously held the role of President and Chief Executive Officer of Sonida Senior Living Corporation, a US listed company; President of GN Hearing for North America and also served on GN Store Nord's global management team; as President of Chronic Care for the US subsidiary of Coloplast; as Chief Marketing Officer for Gentiva Health Services and as consultant for several private equity firms and portfolio companies.

Kimberly is highly skilled at business strategy, growth and transformation, with a strong record of leading companies to consistent outperformance and has extensive experience in healthcare products, services and delivery, including health insurance, durable medical equipment, infusion therapy, nursing and hospice, and medical devices.

Sharon O’Keefe (Non-Executive Director)

Sharon joined the Board as a Non-Executive Director in March 2022 and is Convatec’s designated Non-Executive Director for workforce engagement. Sharon has over 40 years of healthcare and executive experience, with focus on driving quality, efficiency and innovation.

From 2011 to 2022, Sharon was President and Chief Operating Officer of UChicago Medicine, a US nationally ranked medical centre with a network of physicians and clinics with 10,000 employees and operating revenue in excess of \$2 billion.

She is a Non-Executive Director of Adtalem Global Education, Apollo Endosurgery and Vocera Communications, a healthcare technology company. She was previously Non-Executive Director of Aviv REIT, a healthcare REIT. Sharon holds an M.S. in Nursing Administration from the Loyola University of Chicago, and a B.S in Nursing from the Northern Illinois University.

Directors of the Issuer

The following table lists the names, ages and positions of the Issuer’s directors.

Name	Age	Position
Mark Jassey	41	Chief Executive Officer
John Holtz.....	57	Chief Operating Officer
Jeff Hendrix.....	52	Chief Financial Officer

Mark Jassey (Chief Executive Officer and Director of the Issuer, and a member of the Convatec Executive Leadership Team)

Mr. Jassey was appointed director of the Issuer on 20 April 2015. He joined Convatec in 2012 following the acquisition of 180 Medical, Inc., where Mr. Jassey served as the Director of Customer Relations at the time of the acquisition. Prior to that, he served in various customer service, sales, and management roles of increasing responsibility since he joined 180 Medical in 2007. He has served in multiple different roles and product categories in the durable medical equipment (DME) space in the US while at 180 Medical, including as Director of Customer Services and Chief Operating Officer, including responsibility for home services technology, Chief Commercial Officer, Home Services Group and VP, Head of Global Marketing – Continence Care. In October 2024, he was promoted to the Convatec Executive Leadership Team as President & Chief Operating Officer, Continence Care and Home Services Group. Mr. Jassey completed Harvard Business School’s Advanced Management Programme in 2022 and holds a B.B.A in Finance and Management from Oklahoma Baptist University.

John Holtz (Chief Operating Officer and Director)

Mr. Holtz was appointed director of the Issuer on 1 September 2017. He joined Convatec in 2017 following the acquisition of Woodbury Health Products, Inc., where Mr. Holtz served as the Chief Financial Officer and Chief Operating Officer at the time of the acquisition. He has had multiple roles while at 180 Medical, including President, General Manager, Chief Financial Officer and Chief Operating Officer. Mr. Holtz holds a B.S. in Accounting from the Robins School of Business at the University of Richmond.

Jeff Hendrix (Chief Financial Officer and Director)

Mr. Hendrix was appointed director of the Issuer on 20 April 2015. He joined Convatec in 2014. Previously, he was the Controller for International Environmental, a subsidiary of publicly-held LSB Industries, Inc. based in Oklahoma City. Prior to IEC, Mr. Hendrix spent 11 years in a variety of finance roles with AdvancePierre Foods (APF), a subsidiary of publicly-held Tyson Foods culminating in the role of Vice President, Finance of APF’s Retail Division. Prior to joining APF, Mr. Hendrix spent five years with KPMG working primarily in the Financial Services assurance group. Mr. Hendrix graduated from Oklahoma State University with a Master’s of Accountancy in 1996 and is a Certified Public Accountant.

Executive Leadership Team of the Company

Convatec's Executive Leadership Team, in addition to the directors listed above, are as follows:

Name	Age	Position
Anne Belcher	59	President and Chief Operating Officer, Global Emerging Markets
Bruno Pinheiro	43	President and Chief Operating Officer, Ostomy Care
David Shepherd	55	President and Chief Operating Officer, Advanced Wound Care until 30 September 2025. Chief Commercial Officer from 1 October 2025
Dr. Divakar Ramakrishnan	56	Executive Vice President, Chief Technology Officer and Head of Research and Development
Emma Rose	50	Executive Vice President, Chief People Officer
Evelyn Douglas	62	Executive Vice President, Chief Strategy and Business Development Officer
Fiona Ryder	50	Interim Chief Financial Officer
James Kerton	44	Executive Vice President, General Counsel and Company Secretary
John Haller	59	Executive Vice President, Chief Quality and Operations Officer
Kjersti Grimsrud	63	President and Chief Operating Officer, Infusion Care
Mark Jassey	41	President and Chief Operating Officer, Continence Care & Home Services Group
Tanja Dormels	51	President and Chief Operating Officer, Advanced Wound Care from 1 October 2025

Anne Belcher (President and Chief Operating Officer, Global Emerging Markets)

Anne joined Convatec in April 2022. She was previously at GlaxoSmithKline (GSK) for 30 years, where she most recently served as Senior Vice President & General Manager, Nordics. She originally joined GSK as a sales representative in New Zealand in 1991. Anne has extensive experience in diverse market environments, including both mature and emerging markets across Asia Pacific, EMEA and the Americas. Her previous roles at GSK include Senior Vice President, Respiratory, Customer Capabilities and Operations, US (2019-2021); Vice President, General Manager in Australia (2016-2019); Vice President, Ethics and Compliance across Emerging Markets, Asia Pacific and Japan (2015-2016); and General Manager of GSK's Indonesian business (2011-15).

Bruno Pinheiro (President and Chief Operating Officer, Ostomy Care)

Bruno joined Convatec in August 2005 and has a diverse range of experience across Sales, Business Development & Global Emerging Markets. He was previously head of Convatec's Latin America business before being promoted to an interim role of President & Chief Operating Officer, Global Emerging Markets in September 2021. In May 2022, Bruno took over the position of President & Chief Operating Officer, Ostomy Care. From 2005-08, Bruno worked for Bristol Myers Squibb before its divestiture of Convatec in 2008. In his former role, Bruno led a diverse team operating across eight countries and drove significant growth and expansion for the sub region. Bruno graduated with a Bachelor's degree in Marketing & Advertising and a Master's degree in Business Administration from Getúlio Vargas Business School, São Paulo, Brazil.

David Shepherd (President and Chief Operating Officer, Global Advanced Wound Care until 30 September 2025. Chief Commercial Officer from 1 October 2025)

David joined Convatec in November 2018 as President & Chief Operating Officer, Advanced Wound Care. David has been responsible for transforming our wound care business, with the industry's most ambitious wound care solutions pipeline, focused on helping improve care for patients around the world. As Chief Commercial Officer, David will work across Convatec businesses to sharpen commercial execution, customer centricity and sharing best practice. He is responsible for Convatec's Centres of Excellence for Global Marketing & Sales and Strategic

Pricing. He was previously at Johnson and Johnson for 26 years, where he held a variety of sales, marketing, strategic and operations roles. Most recently, he held the role of Area Vice President, Southern EMEA, with responsibility for 15 businesses across the region. Prior to that, he was the U.S. President for Cardiovascular and Specialty Services and WW President for Biosense Webster. David holds a Diploma in Marketing and a BSc in Management Science from the University of Lancaster.

Dr. Divakar Ramakrishnan (Executive Vice President, Chief Technology Officer and Head of Research and Development)

Divakar joined Convatec in January 2020. Prior to joining, he was Chief Digital Officer and Vice President for Eli Lilly's Drug Delivery, Device and Digital Health groups, where he led a global R&D team focused on developing innovative and digitally-enabled devices to improve patient care. Divakar's career in healthcare spans more than 20 years. During this time, in addition to working in product development, he has built strong expertise in process development. He served as Eli Lilly's Vice President of Manufacturing Science and Technology, a role in which he oversaw all the company's process development across its entire product portfolio. Divakar holds a PhD in Chemical Engineering from Pennsylvania State University and a Bachelor of Technology degree in Chemical Engineering from Anna University in India. He also holds an MBA from Harvard Business School.

Emma Rose (Executive Vice President, Chief People Officer)

Emma joined Convatec in April 2024. She was previously Chief Human Resources Officer at Travis Perkins plc, the UK's largest distributor of building materials with more than 20,000 colleagues in the UK and Europe. Prior to this, Emma held senior human resources roles at Kerry Foods, InterContinental Hotels Group and Mondelēz International. Emma is also a trustee and non-executive director of the Special Olympics Great Britain.

Evelyn Douglas (Executive Vice President, Chief Strategy and Business Development Officer)

Evelyn joined Convatec in November 2020 as Chief of Corporate Strategy and Business Development. In April 2021 she assumed the roles of General Counsel and Company Secretary and in May 2024 Evelyn became Executive Vice President, Chief Strategy & Business Development Officer. She was previously Senior Vice President of Corporate Development and Strategy at Becton, Dickinson and Company. Whilst there, she helped the company build its capabilities around corporate development & strategy and assisted the global business units in strengthening their strategic focus and pursuing opportunities for partnerships, acquisitions and divestitures. Prior to her role in corporate development at Becton, Dickinson and Company, Evelyn held positions of increasing responsibility in the BD Law Group. She began her career at White & Case in New York. Evelyn holds a Juris Doctor Degree from Harvard Law School and a Bachelor's with Honors in Political Science from Williams College, Massachusetts, U.S.

Fiona Ryder (Interim Chief Financial Officer)

Fiona was appointed as Interim Chief Financial Officer on 4 August 2025. Fiona joined in January 2022 as Group Financial Controller, including responsibility for our Global Business Services expansion, a range of simplification and productivity initiatives, as well as well providing strong leadership for Group Tax, Treasury, Indirect Procurement, Finance Transformation and Data and Analytics strategy. A senior finance leader with more than 25 years international and cross sector expertise, Fiona has worked in the US, Singapore and UK. After qualifying as an accountant with KPMG, she spent two decades at BP where she held roles including Chief of Staff to the Chief Financial Officer of their downstream business and spent a decade at the Castrol global lubricants business where she held a variety of commercial finance and performance roles, including as Chief Financial Officer of their Global Marine and Energy Business and Chief Financial Officer of Castrol Asia. Before joining Convatec, she was VP, Financial Accounting, Control and Reporting for all customer and products businesses, including Fuel and Retail, Advanced Mobility, Refining, Castrol and Air BP. She completed PwC's Chief Financial Officer development programme in 2024.

James Kerton (Executive Vice President, General Counsel and Company Secretary)

James joined Convatec in May 2024, having previously been Vice President, Deputy General Counsel at Convatec between 2021-22. James joined Convatec from Redde Northgate plc, where he was General Counsel and Company Secretary. James brings significant listed company and legal practice experience, having previously held senior legal roles at London Stock Exchange Group plc and Freshfields Bruckhaus Deringer LLP. James is qualified as a solicitor in England and Wales, is a graduate of BPP Law School and holds an MA in History from the University of Cambridge.

John Haller (Executive Vice President, Chief Quality and Operations Officer)

John joined Convatec from Next Press, a contract manufacturing and packaging distribution business with operations across North America. At Next Press, he was General Manager from 2019 and drove margin expansion and customer diversification while strengthening their supply chain. Previously, he spent 26 years with Stryker Corporation, a leading global medical technologies business where he managed the company's global supply chain with more than 12,000 employees across 43 locations in North America, Europe and Asia. John is a US Army veteran, having previously served as a member of a global rapid deployment force.

Kjersti Grimsrud (President and Chief Operating Officer, Infusion Care)

Kjersti joined Convatec in January 2018 as President EMEA. In February 2020 she became President and Chief Operating Officer, Continence Care, and in January 2022 she was appointed President and Chief Operating Officer, Infusion Care. Kjersti is also responsible for Convatec's Marketing Centre of Excellence. Kjersti was previously President, Europe and the Middle East, and President, International, at Alere, Inc and was a member of the initial team at Axis-Shield, which in 2011 was acquired by Alere. She has over 25 years of sector experience in a variety of roles including research & development and operations and several senior positions in sales and marketing. Kjersti holds a Master of Science in Biotechnology from the Norwegian University of Science and Technology.

Mark Jassey (President and Chief Operating Officer, Continence Care & Home Services Group)

For Mr. Jassey's biography, see "—*Directors of the Issuer*" above.

Tanja Dormels (President and Chief Operating Officer, Advanced Wound Care from 1 October 2025)

Tanja joined Convatec in January 2019 and was Vice President, Advanced Wound Care – Europe until 2024, when she took on leadership for Convatec's next generation adaptive platform, which brought to market our breakthrough nitric oxide wound dressing technology, ConvaNiox™. Tanja was promoted to the Convatec Executive Leadership Team as President & Chief Operating Officer, Advanced Wound Care effective 1 October 2025. Tanja has over 25 years' experience in medical technology, biopharma and pharmaceutical industry including leadership roles with companies including Sandoz and Novartis, and previously served on the Board of HEXAL AG, a German pharmaceutical company, part of the Sandoz Group. Tanja has a Bachelor's degree in Business Administration and Marketing from the University of Applied Sciences, Wuerzburg, Germany and has also completed a range of executive education programmes including Harvard Business School's Business Finance programme.

Corporate Governance

UK Corporate Governance Code

The Board is committed to the highest standards of corporate governance. Save as set out below, as of the date of this Offering Memorandum, the Board complies with the UK Corporate Governance Code 2018 (the "Governance Code") published by the Financial Reporting Council:

- Provisions 40 and 41, employee engagement on executive remuneration. The remuneration committee has not undertaken consultation with the workforce when considering executive remuneration, however the committee has considered wider pay practices at all levels across the Group and all employees have opportunity to provide feedback on pay and other issues.

As envisaged by the Governance Code, the Board has established an audit and risk committee, a nomination committee and a remuneration committee and has also established a separate market disclosure committee. If the need should arise, the Board may set up additional committees as appropriate.

The Governance Code recommends that, in the case of a UK-listed company, at least half the board of directors, excluding the chair, should comprise non-executive directors determined by the board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the directors' judgement. The Board considers that the Company complies with the requirements of the Governance Code in this respect.

Audit and Risk Committee

The audit and risk committee's role is to assist the Board in fulfilling its oversight responsibility to shareholders and other stakeholders by reviewing and monitoring the integrity of the Company's financial and non-financial information (including sustainability information, information on social, environmental and governance matters and related narrative statements and other information provided to shareholders), the effectiveness of the Company's material internal financial, operational, reporting and compliance control and risk management

framework, the quality and effectiveness of the internal and external auditors and any sustainability assurer(s) and their respective processes and activities, and the processes for compliance with laws, regulations and ethical codes of practice, including the Company's policies and procedures relating to whistleblowing, the detection and investigation of fraud and bribery, and applicable sustainability regulations. The audit and risk committee meets at least four times a year.

The audit and risk committee is chaired by Margaret Ewing and its other members are Brian May and Heather Mason. The Governance Code recommends that all members of the audit and risk committee be non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment and that one such member has recent and relevant financial experience. The Board considers that the Company complies with the Governance Code recommendation regarding the composition of the audit and risk committee.

Nomination Committee

The nomination committee's role is to ensure there is a formal, rigorous and transparent procedure for appointments to the Board, lead the process for appointments and make recommendations to the Board, assist the Board in ensuring its composition is regularly reviewed and refreshed, taking into account the length of service of the Board as a whole, so that it is effective and able to operate in the best interests of shareholders, ensure plans are in place for orderly succession to positions on the Board and as regards senior management, oversee the development of a diverse pipeline for succession, and work and liaise with other Board committees, as appropriate (including the remuneration committee in respect of any remuneration package to be offered to any new appointee of the Board) and ensure that the interaction between committees and between the committees and the Board is reviewed regularly. The nomination committee meets at least two times a year.

The nomination committee is chaired by John McAdam and its other members are Margaret Ewing, Brian May, Heather Mason, Constantin Coussios, Kimberly Lody and Sharon O'Keefe. The Governance Code recommends that a majority of the nomination committee be non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgement. The Board considers that the Company complies with the requirements of the Governance Code in this respect.

Remuneration Committee

The remuneration committee's role is to assist the Board to fulfil its responsibility to shareholders to ensure that the remuneration policy and practices of the Company are designed to promote long-term sustainable success, reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements, and executive remuneration is aligned to the Company's purpose and values and linked to delivery of the Company's long-term strategy. The remuneration committee prepares an annual remuneration report for approval by the Shareholders at the annual general meeting, and meets at least three times a year.

The remuneration committee is chaired by Brian May and its other members are Constantin Coussios, Kimberly Lody and Sharon O'Keefe. The Governance Code recommends that all members of the remuneration committee be non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgement. The Board considers that the Company complies with the requirements of the Governance Code in this respect.

Market Disclosure Committee

The Board has established a market disclosure committee in order to ensure timely and accurate disclosure of all information that is required to be so disclosed to the market to meet the legal and regulatory obligations and requirements arising from the listing of the Company's securities on the London Stock Exchange, including the Listing Rules, the Disclosure Guidance and Transparency Rules and the Market Abuse Regulation.

The market disclosure committee will meet at such times as shall be necessary or appropriate, as determined by the Chair of the market disclosure committee or, in his or her absence, by any other member of the market disclosure committee. The committee is chaired by John McAdam and its other members are Karim Bitar, Jonny Mason, Margaret Ewing, Brian May, Constantin Coussios, Kim Lody, Heather Mason and Sharon O'Keefe.

Share Dealing Code

The Company has a code of securities dealings in relation to the securities issued by the Group (including the Group's ordinary shares) which is based on the requirements of the Market Abuse Regulation. The code adopted will apply to the Directors and other relevant employees of the Group.

Relationship Agreements

There are no relationship agreements in place.

Conflicts of Interest

Save as set out in this “*Management*” section, there are no potential conflicts of interest between any duties owed by the directors of the Company or members of the Convatec Executive Leadership Team to the Company and their private interests or other duties.

Remuneration of the Directors of the Company and the Convatec Executive Leadership Team

Under the terms of their service contracts, letters of appointment and applicable incentive plans, in the year ended 31 December 2024, the aggregate remuneration and benefits to the directors and Convatec Executive Leadership Team who served the Group during the year ended 31 December 2024 was \$28.7 million, comprised of \$18.6 million in short-term employee benefits, \$9.2 million in share-based payment expenses, \$0.6 million in post-employment benefits and \$0.3 million in termination benefits. For more information, see note 28 to the 2024 Consolidated Financial Statements included elsewhere in this Offering Memorandum.

There is no arrangement under which any director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this Offering Memorandum.

PRINCIPAL SHAREHOLDERS

The issued share capital of the Company as at the date of this Offering Memorandum is composed of a single class of 2,049,789,559 ordinary shares of 10 pence each (all of which are fully paid or credited as fully paid). In so far as is known to the Group, the following are the interests (within the meaning of Part 22 of the Companies Act 2006) (other than interests held by the Directors) which represent, or will represent, directly or indirectly, 3% or more of the issued share capital of the Company as at 29 August 2025, being the last practicable date prior to publication of this Offering Memorandum:

Shareholders	Number of Shares	Percentage of issued share capital
Novo Holdings	419,809,648	20.48%
Fidelity Investments	140,302,915	6.84%
MFS International Mgt.....	91,462,379	4.46%
Black Creek Investment Mgt.....	89,373,968	4.36%
FIL Investment International.....	88,925,147	4.34%
The Vanguard Group, Inc.....	70,971,600	3.46%

Save as disclosed above, in so far as is known to the Group, there is no other person who is, as at the date of this Offering Memorandum, directly or indirectly interested in 3% or more of the issued share capital of the Company, or of any other person who can, will or could, directly or indirectly, jointly or severally, exercise control over the Company. The Directors have no knowledge of any arrangements the operation of which may at a subsequent date result in a change of control of the Company. None of the Company's major shareholders have or will have different voting rights attached to the shares they hold in the Company.

RELATED PARTY TRANSACTIONS

The Directors have not identified any related parties to the Group, other than the key management personnel. The Directors consider key management personnel as defined in *IAS 24, Related Party Disclosures* to be the members of the Convatec Executive Leadership Team and the Non-Executive Directors, as further described in “*Management*.” Other than as disclosed in “*Management—Remuneration of the Directors of the Company and the Convatec Executive Leadership Team*”, the Group has not been a party to any other material transaction, or proposed transactions, in which any member of the key management personnel had or was to have a direct or indirect material interest.

DESCRIPTION OF OTHER INDEBTEDNESS

The following descriptions are summaries of certain provisions of the documents listed below governing certain of the Group's debt and does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents.

Facilities Agreement

Overview and Structure

On 15 November 2022, Convatec Group plc as the company (the "Company"), Banco Bilbao Vizcaya Argentaria, S.A., Bank of America Europe Designated Activity Company, Bank of China Limited, London Branch, HSBC UK Bank plc, J.P. Morgan Securities plc, Mizuho Bank, Ltd., Skandinaviska Enskilda Banken AB (publ), National Westminster Bank plc and Danske Bank A/S, as mandated lead arrangers and joint bookrunners, Citibank, N.A., London Branch, Crédit Industriel et Commercial, London branch and Goldman Sachs International as lead arrangers, National Westminster Bank plc as agent and others entered into a facilities agreement (the "Facilities Agreement"). Convatec Finance Holdings Limited and Convatec Inc. are party to the Facilities Agreement as borrowers and guarantors. Certain other members of the Group became party to the Facilities Agreement as guarantors (but are no longer guarantors as of the date of this Offering Memorandum).

The Facilities Agreement provides for bank facilities (the "Facilities") comprising: (i) a \$250 million bullet multicurrency term loan facility ("Term Loan Facility") and (ii) a \$950 million multicurrency revolving credit facility (the "Revolving Credit Facility").

The commitments under the Revolving Credit Facility may, at the option of the Company, subject to certain conditions, be increased by up to \$300 million. The increased Revolving Credit Facility commitments may be made available by an existing lender or another eligible institution, being a bank, financial institution, trust, fund or other entity selected by the Company and that is willing to provide such additional commitments provided that such entity is not a member of the Group.

Borrowers, Currencies and utilizations

The Facilities may be utilized by Convatec Finance Holdings Limited and Convatec Inc. and other members of the Group which accede to the Facilities Agreement as additional borrowers (the "Borrowers").

The Term Loan Facility was used for (i) the general corporate purposes of the Group and (ii) the refinancing of certain existing indebtedness of the Group. As at 30 June 2025, \$250 million was outstanding under the Term Loan Facility. The Revolving Credit Facility may also be used for (i) the general corporate purposes of the Group and (ii) the refinancing of certain existing indebtedness of the Group. As at 30 June 2025, \$520 million was outstanding under the Revolving Credit Facility.

The Revolving Credit Facility may be utilized from (and including) the date of the Facilities Agreement to (and including) one week before the maturity date of the Revolving Credit Facility. The maturity date for the Term Loan facility is 15 November 2027 and for the Revolving Credit Facility is 15 November 2028, with an option to extend one year to 15 November 2029.

The Term Facility may be utilized in US dollars, sterling and euros. The Revolving Credit Facility may be utilized in US dollars, sterling, Danish Krone, Swedish Krona or euros and certain other currencies approved by the facility agent (subject to obtaining consent from all the relevant lenders under the Revolving Credit Facility) by the drawing of cash advances, the issue of letters of credit and ancillary facilities.

Utilizations of the Facilities are subject to customary conditions precedent.

Interest and Fees

Loans under each Facility bear interest at rates per annum equal to the applicable floating rate (which is the applicable benchmark rate specified in the Facilities Agreement, being in respect of any loan made: in US dollars, SOFR; in respect of any loan made in sterling, SONIA; in respect of any loan made in euro, EURIBOR; in respect of loans made in Swedish Krona, STIBOR; or in respect of loans made in Danish Krona, CIBOR (the "Benchmark Rate")) plus an applicable margin, which in each case will be subject to a margin ratchet based on the ratio of total net debt to EBITDA (as defined in the Facilities Agreement).

If the relevant Benchmark Rate is less than zero, such rate shall be deemed to be zero in respect of loans made under the Facilities in the relevant currency.

A commitment fee is payable on the aggregate undrawn and uncanceled amount of the Revolving Credit Facility from the date of the Facilities Agreement until the end of the availability period applicable to the Revolving Credit Facility at a rate of 35% of the applicable margin for the Revolving Credit Facility. Such commitment fee is

payable quarterly in arrears, on the last day of the availability period applicable to the Revolving Credit Facility or if cancelled in full, on the cancelled amount of the relevant lenders' commitment at the time the cancellation is effective.

Default interest will be calculated as an additional 1% per annum on the defaulted amount.

Security

Loans under each Facility are not secured by any assets of the Company or any of its subsidiaries.

Repayments

The final maturity date in respect of the Term Loan is 15 November 2027 and for the Revolving Credit Facility is 15 November 2028, with an option to extend one year to 15 November 2029.

The loans under the Term Loan Facility must be repaid in full on the maturity date applicable to the Term Loan Facility, unless earlier prepaid.

A Borrower may not reborrow any part of the Term Loan Facility which has been repaid.

In respect of the Revolving Credit Facility, each advance will be repaid on the last day of the interest period relating thereto, subject to an ability to roll over cash drawings. All outstanding amounts under the Revolving Credit Facility will be repaid on the final maturity date of the Revolving Credit Facility, being the date falling six years from the date of the Facilities Agreement. Amounts repaid by the Borrowers on loans made under the Revolving Credit Facility may be reborrowed, subject to certain conditions.

Voluntary and Mandatory Prepayment

The Facilities Agreement permits voluntary prepayments to be made (subject to de minimis amounts). A Borrower may not reborrow any part of the Term Loan Facility which has been prepaid.

The Facilities Agreement requires mandatory prepayment in full or in part in certain circumstances, including if any person or group of persons acting in concert gains control of the Company (a "Change of Control") and a lender requires (no less than 30 days and no more than 60 days of the Company notifying the agent under the Facilities Agreement of the occurrence of a Change of Control) that its commitments shall be cancelled and its participation in all outstanding utilizations repaid (together with accrued interest and all other amounts accrued under the finance documents). In such case, that lender's commitments shall be cancelled and all such outstanding amounts will become immediately due and payable.

In the event that it becomes unlawful for any lender to perform its obligations under the Facilities Agreement, each Borrower shall repay that lender's participation in the utilizations made to that Borrower on the date specified by the lender in the illegality notice (being no earlier than the last day of any applicable grace period permitted by law). Any available commitments of such lender will be cancelled in the amount of the participations repaid.

Guarantees

The Facilities are guaranteed by each Borrower and any other member of the Group who accedes to the Facilities Agreement as an additional guarantor (the "Guarantors" and together with the Borrowers, the "Obligors"). In August 2025, most of the Guarantors were released from their obligations under the Facilities Agreement with the consent of the lenders under the Facilities Agreement. As of the date of this Offering Memorandum, the only Obligors under the Facilities are Convatec Group plc, Convatec Inc., Convatec Group Holding Limited and 180 Medical, Inc.

Representations and Warranties

The Facilities Agreement contains certain representations and warranties (subject to certain agreed qualifications and with certain representations being repeated), including: (i) status, (ii) binding obligations, (iii) non-conflict with other obligations, (iv) power and authority, (v) validity and admissibility in evidence, (vi) governing law and enforcement, (vii) deduction of tax, (viii) no filing or stamp taxes, (ix) no default, (x) financial statements, (xi) *pari passu* ranking, (xii) no proceedings, (xiii) sanctions and anti-corruption, (xiv) material companies, (xv) margin regulations, (xvi) investment company act, (xvii) U.S. solvency and (xviii) non-bank rules.

Certain representations and warranties shall be made on the date of the Facilities Agreement and will be repeated on the date of each utilization request, on the first day of each interest period and at certain other times.

General Undertakings

The Facilities Agreement contains certain covenants, information undertakings and related definitions (with, in each case, certain adjustments), including, but not limited to, (i) limitations on disposals, (ii) a negative

pledge, (iii) limitations on the incurrence of indebtedness by members of the Group which are not Obligors, (iv) limitations on mergers, (v) limitations on change of business, (vi) limitations on acquisitions and (vii) compliance with non-bank rules.

In addition, the Facilities Agreement also contains the following financial covenants which the Group must comply with:

- (a) a net leverage financial covenant (the “Leverage Covenant”), being the ratio of the Group’s total net debt to EBITDA (as defined in the Facilities Agreement) (the “Leverage Ratio”). The Leverage Covenant is tested semi-annually on a last twelve months basis (i) on or about the last day of the Company’s financial years by reference to its audited consolidated financial statements for that financial year and (ii) on or about the last day of the first half of each of the Company’s financial years by reference to its consolidated financial statements for that financial half year (each such date being a “Test Date”). For each 12 month period ending on a Test Date (a “Relevant Period”) from the date of the Facilities Agreement, the Leverage Ratio may not exceed 3.50:1; and
- (b) an interest cover ratio, being the ratio of EBITDA to Interest Expense (each as defined in the Facilities Agreement) which in respect of any Relevant Period may not be less than 3.50:1.

In connection with an acquisition or investment permitted by the Facilities Agreement (other than in connection with any acquisition or investment (including a share buy-back) that results in a cash distribution to the shareholders of a member of the Group), the Company may, on no more than two occasions prior to the latest maturity date of the Facilities, amend the Leverage Covenant by increasing the maximum permitted Leverage specified by up to 0.5:1 (a “Permitted Ratio Change”) provided that the maximum Leverage shall not exceed 4.00:1 following a Permitted Ratio Change. A Permitted Ratio Change may not apply in respect of more than two consecutive Relevant Periods ending after the next following Test Date. Thereafter the maximum permitted Leverage shall immediately revert to its original level (as described in paragraph (a) above).

If, at any time during the term of the Facilities Agreement the Company is rated Baa2/BBB or above by at least two of Moody’s, Fitch or S&P, then beginning on the day of such event and continuing for as long as the Company maintains such investment grade credit rating with at least two of Moody’s, Fitch or S&P, the financial covenants detailed in paragraphs (a) and (b) above shall not apply. If at any point the Company is not rated Baa2/BBB or above by at least two of Moody’s, Fitch or S&P, the Company shall notify the agent and the financial covenants details at paragraphs (a) and (b) above shall be reinstated.

Events of Default

The Facilities Agreement provides for certain events of default, subject to customary materiality qualifications and grace periods, including, but not limited to: (i) non-payment; (ii) breach of the financial covenants; (iii) misrepresentation; (iv) cross default; (v) insolvency; insolvency proceedings and creditors’ process; (vi) repudiation and rescission of finance documents; (vii) material adverse change; (viii) ERISA; and (ix) US bankruptcy laws.

Governing law and enforcement

The Facilities Agreement and any non-contractual obligations arising out of or in connection with it, are governed by English law.

2021 Notes

On 7 October 2021, the Issuer issued \$500 million aggregate principal amount of 3.875% senior notes due 2029 (the “2021 Notes”).

Guarantees

The 2021 Notes are senior unsecured obligations of the Issuer and were originally guaranteed, on a joint and several basis, fully and unconditionally by the Company, Convatec Inc., Convatec Finance Holdings Limited, Wilmington Medical Supply Inc., Convatec Dominican Republic Inc., Convatec Limited, Amcare Limited, Unomedical A/S, Laboratoires Convatec SAS, Convatec International Services GmbH, Convatec Italia S.r.l and Convatec (Germany) GmbH. The guarantee may be released in the event of certain sales or disposals of the relevant guarantor and under certain other circumstances. Following the release of substantially all of the guarantees under the Facilities Agreement in August 2025, all of the guarantors under the 2021 Notes have been automatically released other than Convatec Group plc, Convatec Inc. and Convatec Finance Holdings Limited.

Security

The 2021 Notes are not secured.

Interest Rate

The 2021 Notes accrue interest at a rate of 3.875% per annum, payable semi-annually in arrears on 15 April and 15 October of each year, beginning on 15 April 2022.

Maturity Date

The 2021 Notes will mature on 15 October 2029 unless earlier repurchased or redeemed.

Optional Redemption

On or after 7 October 2024, the Issuer may on any one or more occasions redeem all or a part of the 2021 Notes, upon not less than 10 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the 2021 Notes redeemed, to, but not including, the applicable date of redemption, if redeemed during the twelve-month period beginning on of the years indicated below, subject to the rights of holders of 2021 Notes on the relevant record date to receive interest on the relevant interest payment date:

Year.....	Percentage
2024.....	101.9375%
2025.....	100.9687%
2026 and thereafter	100.00000%

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the 2021 Notes or portions thereof called for redemption on the applicable redemption date.

Change of Control

No sinking fund will be provided for the 2021 Notes. Upon the occurrence of certain change of control or termination of trading events, holders of the 2021 Notes may require the Issuer to repurchase their notes for cash equal to 101% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest, if any, on the notes repurchased to, but excluding, the applicable repurchase date.

Certain Covenants

The indenture governing the 2021 Notes contain covenants that restrict, among other things, the ability of the Group to incur or guarantee additional indebtedness and issue certain preferred stock, merge or consolidate with or into other entities, enter into sale and leaseback transactions, enter into guarantees in connection with any additional indebtedness without concurrently guaranteeing the Notes, and create liens on assets to secure indebtedness. As of 30 June 2025, the Group was in compliance with such covenants.

Events of Default

The indenture governing the 2021 Notes contain customary events of default, including, but not limited to:

- failure to pay principal or interest;
- breach of covenants;
- cross-defaults with respect to other debt;
- failure to perform other terms and conditions;
- events of bankruptcy and insolvency; and
- unsatisfied judgments.

The occurrence of an event of default, subject to the terms of the indenture governing the 2021 Notes (including notice and cure periods), would permit the trustee or the holders of the 2021 Notes to, among other things, declare all outstanding 2021 Notes to be due and payable immediately without further action or notice. Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding 2021 Notes may direct the trustee in its exercise of any trust or power, rescind an acceleration or waive an existing event of default.

Suspension of Covenants on Achievement of Investment Grade Status

If on any date following the date of the indenture governing the 2021 Notes, the 2021 Notes have an investment grade rating from two of the three rating agencies ("Investment Grade Status") and no default or event of default has occurred and is continuing (a "Suspension Event"), then the Issuer shall notify the trustee of these events and beginning on that day and continuing until such time, if any, at which the 2021 Notes cease to have Investment Grade Status (the "Reversion Date"), certain covenants relating to the ability of the Group to incur or guarantee

additional indebtedness and enter into sale and leaseback transactions will not apply. Any related default provision of the indenture governing the 2021 Notes will cease to be effective and will not be applicable to the Group and the Group's subsidiaries. Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Issuer properly taken during the continuance of the Suspension Event. On the Reversion Date, all indebtedness incurred during the continuance of the Suspension Event will be classified pursuant to the covenant relating to the ability of the Group to incur or guarantee additional indebtedness. The Issuer shall give the trustee written notice of any Suspension Event and in any event no later than five business days after such Suspension Event has occurred. The Issuer shall give the trustee written notice of any occurrence of a Reversion Date no later than five Business Days after such Reversion Date. Absent such written notice, the trustee shall be entitled to assume that no Suspension Event or the occurrence of any Reversion Date has occurred.

DESCRIPTION OF THE NOTES

You can find the definitions of certain terms used in this description under the subheading “*Certain Definitions.*” In this description, the word “Convatec” refers only to Convatec Group Plc and not to any of its Subsidiaries.

180 Medical, Inc. (the “Issuer”), an indirect, wholly-owned subsidiary of Convatec, will issue the Notes under an indenture, to be dated as of October 2025 (the “Indenture”), by and among the Issuer, Convatec, the other Guarantors and BNY Mellon Corporate Trustee Services Limited, as trustee, in a private transaction that is not subject to the registration requirements of the Securities Act. Convatec and the other Guarantors will irrevocably and unconditionally guarantee the punctual payment by the Issuer of the principal, interest and premium, if any, on the Notes and all other amounts due and payable under the Indenture.

The following description is a summary of material provisions of the Indenture. It does not restate that agreement in its entirety. We urge you to read the Indenture because it, and not this description, defines your rights as a holder of the Notes. A copy of the Indenture is available as set forth below under “—*Additional Information.*” Certain defined terms used in this description but not defined below under “—*Certain Definitions*” have the meanings assigned to them in the Indenture.

The indenture will not be qualified under, be subject to, or otherwise incorporate by reference or otherwise any provision of, the Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”). Consequently, the holders of Notes generally will not be entitled to the protections provided under the Trust Indenture Act to holders of debt securities issued under a qualified indenture, including those requiring the trustee to resign in the event of certain conflicts of interest and to inform the Holders of Notes of certain relationships between it and the Issuer. The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

The Issuer has made an application to the London Stock Exchange plc (the “Exchange”) for the Notes to be admitted to trading on the International Securities Market (the “International Securities Market”) of the London Stock Exchange. The International Securities Market is not a regulated market for the purposes of Directive 2014/65/EU or Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended. There is no assurance that the Notes will be admitted to the International Securities Market of the Exchange.

BRIEF DESCRIPTION OF THE NOTES AND THE NOTE GUARANTEES

The Notes

The Notes:

- will be general unsecured obligations of the Issuer;
- will be *pari passu* in right of payment with all existing and future senior Indebtedness of the Issuer, including the 2021 Notes and its obligations under any guarantee of, or borrowings under, the Revolving Credit Facility;
- will be senior in right of payment to all existing and future subordinated Indebtedness of the Issuer;
- will be effectively subordinated to all existing and future secured Indebtedness of the Issuer or its Subsidiaries to the extent of the value of the assets securing such Indebtedness;
- will be structurally subordinated to all existing and future Indebtedness and other claims and liabilities, including preferred stock, of Subsidiaries of the Issuer that are not Guarantors; and
- will be fully and unconditionally guaranteed by the Guarantors on a senior unsecured basis.

The Note Guarantees

The Notes and the Indenture will be guaranteed on a senior unsecured basis by Convatec and each of the other Guarantors.

Each guarantee of the Notes:

- will be a general unsecured obligation of the Guarantor;

- will be *pari passu* in right of payment with all existing and future senior Indebtedness of that Guarantor, including its obligations under the Guarantor's guarantee of the 2021 Notes and any guarantee of, or borrowings under, the Revolving Credit Facility;
- will be senior in right of payment to any existing and future subordinated Indebtedness of that Guarantor; and
- will be effectively subordinated to all existing and future secured Indebtedness of that Guarantor to the extent of the value of the assets securing such Indebtedness.

Not all of Convatec's Subsidiaries will guarantee the Notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their debt and other liabilities (including trade payables) before they will be able to distribute any of their assets to Convatec. As at 30 June 2025, Convatec's Subsidiaries (excluding the Issuer) that will not guarantee the Notes had no external financial indebtedness (not including lease liabilities) outstanding.

PRINCIPAL, MATURITY AND INTEREST

The Issuer will issue \$500 million in aggregate principal amount of Notes in this offering. The Issuer may issue additional notes under the Indenture from time to time after this offering. The Notes and any additional notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. Unless the context requires otherwise, references to "notes" for all purposes of the Indenture and this "Description of the Notes" include any additional notes that are actually issued; provided that additional notes will not be issued with the same CUSIP, if any, as existing notes unless such additional notes are fungible with existing notes for U.S. federal income tax purposes. The Issuer will issue the Notes in minimum denominations of \$200,000 in principal amount and integral multiples of \$1,000 in excess of \$200,000. The Notes will mature on 8 October 2035 (the "Maturity Date").

Interest on the Notes will accrue at the rate of 5.300% per annum and will be payable semi-annually in arrears on 8 April and 8 October, commencing on 8 April 2026. The Issuer will make each interest payment to the holders of record as of 5:00 p.m., New York City time, on the business day immediately preceding each 8 April and 8 October.

Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprising twelve 30-day months. If any interest payment date, the maturity date, any redemption date, or any earlier required repurchase date of a note falls on a day that is not a Business Day, the required payment will be made on the next succeeding Business Day and no interest on such payment will accrue in respect of the delay.

METHODS OF RECEIVING PAYMENTS ON THE NOTES

As long as the Notes are represented by the global notes, the Issuer will pay principal of and interest on those notes to or as directed by The Depository Trust Company ("DTC"), whose nominee, Cede & Co., is the registered holder of the global notes. See "*Book-Entry, Delivery and Form.*" All other payments on the Notes will be made at the office or agency of the paying agent unless the Issuer elects to direct the paying agent to make interest payments by check mailed to the noteholders at their address set forth in the register of holders.

PAYING AGENT, TRANSFER AGENT AND REGISTRAR FOR THE NOTES

The Issuer will maintain a paying agent (the "Paying Agent"), transfer agent (the "Transfer Agent") and registrar (the "Registrar") for the Notes. The initial Paying Agent will be The Bank of New York Mellon, London Branch in London, United Kingdom. The initial Transfer Agent and Registrar will be The Bank of New York Mellon SA/NV, Dublin Branch.

The Issuer may change the Paying Agent, Transfer Agent or Registrar without prior notice to the holders of the Notes, and Convatec or any of its Subsidiaries (including the Issuer) may act as paying agent or registrar. For so long as the Notes are listed on the International Securities Market of the Exchange and to the extent the rules and regulations of the Exchange so require, the Issuer will notify the Exchange of any change of Paying Agent, Registrar or Transfer Agent.

In addition, Convatec or any of its Subsidiaries may act as paying agent in connection with the Notes other than for the purposes of effecting a redemption described under “—*Optional Redemption*” or an offer to purchase the Notes described under “—*Repurchase upon a Change of Control Triggering Event*”. The Issuer will make payments on the global notes to the Paying Agent for further credit to DTC which will, in turn, distribute such payments in accordance with its procedures.

The Issuer will make all payments in same-day funds.

TRANSFER AND EXCHANGE

A holder may transfer or exchange the Notes in accordance with the provisions of the Indenture. The Indenture will require holders, among other things, to furnish appropriate endorsements and transfer documents in connection with a transfer of the Notes to the Registrar and trustee. Holders will be required to pay all taxes due on transfer. The Issuer will not be required to transfer or exchange any Note selected for redemption. Also, the Issuer will not be required to transfer or exchange any Note for a period of 15 days before the provision of a notice of redemption of Notes to be redeemed.

NOTE GUARANTEES

Except as provided below, the Notes and the Indenture will be guaranteed on a senior unsecured basis by each of the Guarantors. The Note Guarantees will be joint and several obligations of the Guarantors. The obligations of each Guarantor under its Note Guarantee will be limited as necessary to prevent that Note Guarantee from constituting a fraudulent conveyance under applicable law. See “*Insolvency Law and Limitations on Validity and Enforceability of Guarantees*.”

The Note Guarantee of a Guarantor will be automatically and unconditionally released and discharged:

- (1) other than with respect to Convatec, in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor, by way of merger, consolidation or otherwise, to a Person that is not (either before or after giving effect to such transaction) Convatec or a Subsidiary of Convatec;
- (2) other than with respect to Convatec, in connection with any sale or other disposition of Capital Stock of that Guarantor to a Person that is not (either before or after giving effect to such transaction) Convatec or a Subsidiary of Convatec, if such Guarantor ceases to be a Subsidiary of Convatec as a result of the sale or other disposition;
- (3) with respect to each of (i) the Guarantors on the date of the Indenture and (ii) any future Guarantor (other than Convatec) which is required to guarantee the Notes as a result of guaranteeing any Indebtedness under any syndicated Credit Facility or any Public Debt of the Issuer or any other Guarantor, in each case, if such Guarantor ceases to be a guarantor or other obligor with respect to any syndicated Credit Facility or any Public Debt of the Issuer or any other Guarantor; *provided, however*, that if, at any time following such release, that Guarantor subsequently guarantees or otherwise becomes an obligor with respect to any Indebtedness of the Issuer or any other Guarantor under any syndicated Credit Facility or any Public Debt, then that Guarantor will be required to provide a Note Guarantee;
- (4) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions “—*Legal Defeasance and Covenant Defeasance*” and “—*Satisfaction and Discharge*;”
- (5) other than with respect to Convatec, upon such Guarantor consolidating or amalgamating with, merging into or transferring all of its properties or assets to the Issuer or another Guarantor and in connection therewith such Guarantor ceasing to exist;
- (6) other than with respect to Convatec, upon the liquidation, winding up, or dissolution of such Guarantor;
- (7) upon full and final repayment of the Notes;
- (8) in connection with a Permitted Reorganization; or
- (9) as described under the caption “Amendments, Supplement and Waiver.”

Any such release and discharge shall occur automatically upon the consummation of any such transaction without any further action required of the Issuer, the applicable Guarantor or the trustee.

ADDITIONAL AMOUNTS

All payments made under or with respect to the Notes or any Note Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of (1) any jurisdiction in which the Issuer or any Guarantor is then incorporated, established or resident for tax purposes, or any political subdivision or governmental authority thereof or therein having power to tax or (2) any jurisdiction from or through which payment is made by or on behalf of the Issuer or any Guarantor (including, without limitation, the jurisdiction of any paying agent for the Notes) or any political subdivision or governmental authority thereof or therein (each, a “Tax Jurisdiction”), is required to be made from any payments made by or on behalf of the Issuer under or with respect to the Notes or by or on behalf of the Guarantors under or with respect to any Note Guarantee, including, without limitation, payments of principal, redemption price, purchase price, interest or premium, the Issuer or the relevant Guarantor, as applicable, will pay such additional amounts (the “Additional Amounts”) as may be necessary in order that the net amounts received in respect of such payments by each holder of the Notes after such withholding or deduction (including any withholding or deduction from such Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; provided, however, that no Additional Amounts will be payable for or on account of:

- (1) any Taxes that would not have been imposed or withheld but for the existence of any present or former connection between the holder of the relevant Notes (or between a fiduciary, settlor, beneficiary, partner, member or shareholder of, or possessor of power over, the relevant holder, if the relevant holder is an estate, trust, nominee, partnership, limited liability company or corporation) or the beneficial owner of the relevant Notes and the relevant Tax Jurisdiction (including, without limitation, being or having been a citizen, resident or national thereof or being or having been incorporated therein, present or engaged in a trade or business or maintaining a permanent establishment therein), other than any connection arising solely from the acquisition, ownership or holding of any Note or arising solely from the enforcement or receipt of payment under or in respect of any Note or any Note Guarantee; or
- (2) any Taxes imposed or withheld as a result of the failure of a holder or beneficial owner of the relevant Notes to (i) comply with any written request, made to that holder or the holder on behalf of that beneficial owner at least 15 days before any such withholding or deduction would be payable, by the Issuer or any of the Guarantors to provide timely or accurate information or evidence concerning the nationality, domicile, establishment, residence or identity of such holder or beneficial owner or to make any valid or timely declaration or similar claim or satisfy any certification information or other reporting requirements, which is required or imposed by a statute, treaty, regulation or administrative practice of the relevant Tax Jurisdiction as a precondition to exemption from, or reduction in the rate of deduction or withholding of, such Taxes, but, in each case, only to the extent that the holder or beneficial owner is legally eligible to provide such declaration, certification or other information, and (ii) provide an Internal Revenue Service Form W-9 or applicable Internal Revenue Service Form W-8 (together with any required attachments and including any successor forms); or
- (3) any Taxes imposed by reason of such holder being (1) considered a 10% shareholder (within the meaning of Sections 871(h)(3) or 881(c)(3) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”)) of the Issuer or (2) a controlled foreign corporation related (within the meaning of Section 864(d)(4) of the Code) to the Issuer; or
- (4) any Taxes imposed on a holder by reason of its past or present status as a bank that acquired the Notes in consideration for an extension made pursuant to a loan agreement entered into in the ordinary course of its trade or business; or
- (5) any Taxes, to the extent such Taxes are imposed or withheld as a result of the presentation of any Note for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder or beneficial owner of the Notes (except to the extent that such holder

or beneficial owner would have been entitled to Additional Amounts on account of such Taxes had the Note been presented on the last day of such 30 day period); or

- (6) any estate, inheritance, gift, sale, transfer, excise, personal property or similar Tax; or
- (7) any Tax which is payable otherwise than by deduction or withholding from a payment made under or with respect to the Notes or any Note Guarantee; or
- (8) any Tax imposed or withheld on or with respect to any payment on any Note to any person who is a fiduciary, partnership, limited liability company or other person other than the sole beneficial owner of such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership, limited liability company or the beneficial owner of the payment would not have been entitled to Additional Amounts with respect to such payment had the beneficiary, settlor, member or beneficial owner been the holder of such Note; or
- (9) any Taxes that are imposed or withheld in connection with the presentation of any Note for payment by or on behalf of a holder or beneficial owner of such Notes who would have been able to avoid such Taxes by presenting the relevant Note to, or accepting payment from, another paying agent; or
- (10) any Taxes that are imposed or withheld pursuant to Sections 1471 through 1474 of the Code, any regulations promulgated thereunder, any official interpretations thereof, any fiscal or regulatory legislation, rules or official practices adopted pursuant to an intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing sections of the Code or any agreements entered into pursuant to Section 1471(b)(1) of the Code; or
- (11) any combination of items (1) through (10) above.

In addition to the foregoing, the Issuer and the Guarantors will pay any present or future stamp, court or documentary Taxes or any other excise or property Taxes, charges or similar levies (including interest and penalties to the extent resulting from a failure by the Issuer to timely pay amounts due) which arise in any Tax Jurisdiction or any jurisdiction in which a paying agent is located from the execution, delivery or registration of any Notes or any other document or instrument referred to therein (other than a transfer of the Notes), or the receipt of any payments with respect to the Notes. The Issuer and the Guarantors will also pay any such Taxes, charges, or levies arising in any jurisdiction in connection with the enforcement of the Notes, or any other such document or instrument, following the occurrence of any Event of Default with respect to the Notes.

If the Issuer or any Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or any Note Guarantee, the Issuer or the relevant Guarantor, as the case may be, will deliver to the trustee and the paying agent on a date at least 15 days prior to the date of payment (unless the obligation to pay Additional Amounts arises after the 45th day prior to that payment date, in which case the Issuer or the relevant Guarantor shall deliver such officer's certificate to the trustee and the paying agent promptly thereafter) an officer's certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The officer's certificate must also set forth any other information reasonably necessary to enable the paying agent to pay Additional Amounts on the relevant payment date. The trustee and the paying agent shall be entitled to rely solely on such officer's certificate as conclusive proof that such payments are necessary.

The Issuer or the relevant Guarantor will make all withholdings and deductions required by law to be made by them and will remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Issuer or the relevant Guarantor will furnish to the trustee, within a reasonable time after the date that the payment of any Taxes so deducted or withheld is made, certified copies of Tax receipts evidencing payment by the Issuer or a Guarantor, as the case may be, or if, notwithstanding such entity's reasonable efforts to obtain receipts, receipts are not obtained, other evidence of payments by such entity reasonably satisfactory to the trustee. Such copies or such other evidence of payment shall be made available to the holders of the Notes upon reasonable written request.

Whenever the Indenture or this "Description of the Notes" mentions the payment of amounts based on the principal amount, interest or any other amount payable under, or with respect to, any of the Notes or any Note

Guarantee, such mention shall be deemed to include, without duplication, the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligation will survive any termination, defeasance or discharge of the Indenture, any transfer by a holder or beneficial owner of its Notes, and will apply, mutatis mutandis, to any jurisdiction in which any successor Person to the Issuer or any Guarantor is then incorporated, organized, engaged in business or resident for Tax purposes or any jurisdiction from or through which payment is made by or on behalf of such Person on the Notes (or any Note Guarantee) and any political subdivision or governmental authority thereof or therein.

OPTIONAL REDEMPTION FOR TAX REASONS

The Issuer may redeem the Notes, in whole but not in part, at its discretion at any time upon giving not less than 10 nor more than 60 days' prior notice to the holders of the Notes (which notice will be irrevocable and distributed to holders in the same manner as described in "*—Selection and Notice*"), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption (a "Tax Redemption Date") and all Additional Amounts (if any) then due and that will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of holders of the Notes on the relevant record date to receive interest due on an interest payment date that is prior to the Tax Redemption Date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the Notes or any Note Guarantee, the Issuer or any Guarantor is or would be required to pay Additional Amounts (but, in the case of the relevant Guarantor, only if such amount payable cannot be paid by the Issuer or another Guarantor who can pay such amount without the obligation to pay Additional Amounts), and the Issuer or the relevant Guarantor cannot avoid any such payment obligation by taking reasonable measures available to it, including the appointment of a different paying agent (provided that changing the jurisdiction of the Issuer or Guarantor is not a reasonable measure for purposes of this section), as a result of:

- (1) any change in, or amendment to, the laws or treaties (or any regulations, protocols or rulings promulgated thereunder) of a Tax Jurisdiction affecting taxation which change or amendment is publicly announced or becomes effective on or after the date of this offering memorandum (or, if the relevant Tax Jurisdiction was not a Tax Jurisdiction on the date of this offering memorandum, the date on which such Tax Jurisdiction became a Tax Jurisdiction under the Indenture); or
- (2) any change in, or amendment to, the existing official position or the introduction of an official position regarding the application, administration or interpretation of such laws, treaties, regulations, protocols or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in published practice), which change, amendment, application or interpretation is announced or becomes effective on or after the date of this offering memorandum (or, if the relevant Tax Jurisdiction was not a Tax Jurisdiction on the date of this offering memorandum, the date on which such Tax Jurisdiction became a Tax Jurisdiction under the Indenture) (each of the foregoing clauses (1) and (2), a "Change in Tax Law").

The Issuer will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Issuer or the relevant Guarantor would be obligated to make such payment or withholding if a payment in respect of the Notes or Note Guarantees were then due, and unless at the time such notice is given, the obligation to pay Additional Amounts remains in effect.

Prior to the publication or, where relevant, sending of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver to the trustee an opinion of counsel stating that there has been such Change in Tax Law which would entitle the Issuer to redeem the Notes hereunder. In addition, before the Issuer publishes or sends notice of redemption of the Notes as described above, it will deliver to the trustee an officer's certificate to the effect that the obligation to pay Additional Amounts cannot be avoided by the Issuer or the relevant Guarantor taking reasonable measures available to it.

The trustee will accept such officer's certificate and opinion of counsel as sufficient evidence, without further inquiry, of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders of the Notes.

OPTIONAL REDEMPTION

Prior to 8 July 2035 (three months prior to the Maturity Date) (the “Par Call Date”), the Issuer may redeem the Notes at its option, in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of:

- (i) (a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date (assuming the Notes matured on the Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 20 basis points less (b) interest accrued to the date of redemption, and
- (ii) 100% of the principal amount of the Notes to be redeemed,

plus, in either case, accrued and unpaid interest thereon to, but not including, the redemption date.

On or after the Par Call Date, the Issuer may redeem the Notes, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest thereon to, but not including, the redemption date.

“Treasury Rate” means, with respect to any redemption date, the yield determined by the Issuer in accordance with the following two paragraphs.

The Treasury Rate shall be determined by the Issuer after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third Business Day preceding the redemption date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as “Selected Interest Rates (Daily) - H.15” (or any successor designation or publication) (“H.15”) under the caption “U.S. government securities - Treasury constant maturities - Nominal” (or any successor caption or heading) (“H.15 TCM”). In determining the Treasury Rate, the Issuer shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the redemption date to the Par Call Date (the “Remaining Life”); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields - one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life - and shall interpolate to the Par Call Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the redemption date.

If on the third Business Day preceding the redemption date H.15 TCM is no longer published, the Issuer shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second Business Day preceding such redemption date of the United States Treasury security maturing on, or with a maturity that is closest to, the Par Call Date, as applicable. If there is no United States Treasury security maturing on the Par Call Date but there are two or more United States Treasury securities with a maturity date equally distant from the Par Call Date, one with a maturity date preceding the Par Call Date and one with a maturity date following the Par Call Date, the Issuer shall select the United States Treasury security with a maturity date preceding the Par Call Date. If there are two or more United States Treasury securities maturing on the Par Call Date or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Issuer shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

The Issuer's actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error. None of the Trustee, the Paying Agent, the Registrar or the Transfer Agent will have any responsibility for calculating the redemption price or for verifying any calculations of such redemption price.

SELECTION AND NOTICE

If less than all of the Notes are to be redeemed at any time, the Notes for redemption will be selected on a pro rata pass-through distribution of principal basis and in accordance with the applicable procedures for DTC (or, in the case of Notes issued in definitive form, based on a method that most nearly approximates a pro rata selection, by lot or such other method as deemed fair and appropriate) unless otherwise required by law or applicable stock exchange or depository requirements. No Notes of \$200,000 or less can be redeemed in part. None of the trustee, paying agent or registrar shall be liable for any selections made in accordance with this paragraph.

Notices of redemption will be delivered electronically in portable document format ("pdf") or mailed by first class mail at least 10 but not more than 60 days before the redemption date to the trustee and each holder of Notes to be redeemed at its registered address or otherwise in accordance with the procedures of DTC, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the indenture. Any notice of any redemption may, at the Issuer's discretion, be subject to one or more conditions precedent, including, but not limited to, availability of borrowings under any Credit Facility, completion of a sale of common stock or other securities offering or consummation of a corporate transaction.

Notwithstanding the foregoing, in connection with any tender offer for the Notes, if Holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such tender offer in lieu of the Issuer, purchases all of the Notes validly tendered and not withdrawn by such holders, the Issuer or such third party will have the right upon not less than 10 nor more than 60 days' prior notice to the trustee and each holder of Notes, given not more than 30 days following such tender offer expiration date, to redeem all Notes that remain outstanding following such purchase at a redemption price equal to the price (excluding any early tender or incentive fee) offered to each other holder in such tender offer (which may be less than par) plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, thereon, to, but not including, the date of such redemption.

Notice of any redemption of the Notes (including or in connection with a transaction or series of related transactions) may, at the Issuer's discretion, be given prior to the completion or the occurrence thereof and any such redemption or notice may, at the Issuer's discretion, be subject to satisfaction of one or more conditions precedent. Such notice may state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied (which, for the avoidance of doubt, may be later than 60 days from the date such notice was delivered or mailed), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed. The Issuer will provide written notice to the trustee by 5:00 p.m. New York City time one Business Day prior to the redemption date (or such shorter period as may be acceptable to the trustee) if any such redemption has been rescinded or delayed, and promptly following receipt the trustee shall provide such notice to each holder of the Notes in the same manner in which the notice of redemption was given.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed, and the beginning and ending pool factor. While the Notes are held in certificated form, a new note in principal amount equal to the unredeemed portion of the original note will be issued in the name of the holder of Notes upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption, unless such redemption is conditioned on the happening of a future event. On the redemption date, interest ceases to accrue on Notes or portions of Notes redeemed unless the Issuer defaults in paying the applicable redemption price.

REPURCHASE UPON A CHANGE OF CONTROL TRIGGERING EVENT

If a Change of Control Triggering Event occurs, each holder of Notes will have the right to require the Issuer to repurchase all or any part (equal to \$200,000 or an integral multiple of \$1,000 in excess thereof) of that holder's Notes pursuant to an offer by the Issuer (a "Change of Control Offer") on the terms set forth in the Indenture. In

the Change of Control Offer, the Issuer will offer a payment in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest, if any, on the Notes repurchased to, but not including, the date of purchase (the “Change of Control Payment”), subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.

Within thirty days following the occurrence of any Change of Control Triggering Event, or, at the Company’s option, prior to any Change of Control Triggering Event but after the public announcement of the pending Change of Control, the Issuer will deliver electronically in pdf format or mail a notice to each holder with a copy to the trustee or otherwise in accordance with the procedures of DTC describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase Notes on the date specified in the notice, which date will be no earlier than 10 days and no later than 60 days from the date such notice is mailed or otherwise delivered (such date, the “Change of Control Payment Date”), pursuant to the procedures required by the Indenture and described in such notice. The Issuer will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Offer provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control Offer provisions of the Indenture by virtue of such compliance.

The notice, if sent prior to the date of consummation of the Change of Control Triggering Event, will state that the Change of Control Offer is conditioned on the Change of Control being consummated on or prior to the Change of Control Payment Date. A Change of Control Offer may be made in advance of a Change of Control Triggering Event, conditioned upon the consummation of such Change of Control Triggering Event, if a definitive agreement is in place for (or, in the case of a transaction in the form of a tender or exchange offer in connection with which no definitive agreement is entered into with the target company, if the tender or exchange offer has been approved with respect to) the Change of Control at the time the Change of Control Offer is made.

On the Change of Control Payment Date, the Issuer will, to the extent lawful:

- (1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;
- (2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and
- (3) deliver or cause to be delivered to the trustee the Notes properly accepted together with an officer’s certificate of Convatec stating the aggregate principal amount of Notes or portions of Notes being repurchased by the Issuer.

The Paying Agent will promptly send to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book-entry in accordance with the applicable procedures of DTC) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require the Issuer to make a Change of Control Offer following a Change of Control Triggering Event will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control Triggering Event, the Indenture does not contain provisions that permit the holders of the Notes to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a holder’s right to require the Issuer to repurchase such holder’s Notes upon the occurrence of a Change of Control Triggering Event may deter a third party from seeking to acquire Convatec in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if:

- (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all notes properly tendered and not withdrawn under the Change of Control Offer;

provided, however, in the event that such third party terminates, or defaults under, its offer, the Issuer will be required to make a Change of Control Offer treating the date of such termination or default as though it were the date of the Change of Control; or

- (2) notice of redemption has been given pursuant to the Indenture as described above under the caption “—*Optional Redemption,*” unless and until there is a default in payment of the applicable redemption price.

To the extent the Issuer is required to offer to repurchase the Notes upon the occurrence of a Change of Control Triggering Event, the Issuer may not have sufficient funds to repurchase the Notes in cash at such time. In addition, the Issuer’s ability to repurchase the Notes for cash may be limited by law or the terms of other agreements relating to the Issuer’s indebtedness outstanding at the time. The failure to make such repurchase would result in an Event of Default under the Indenture.

At any time, the Issuer or a third party will have the right to redeem the Notes of any series at a purchase price equal in cash to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to but excluding the date of purchase, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date falling on or prior to the date of purchase, following the occurrence of a Change of Control Triggering Event if at least 90% of the Notes outstanding prior to such consummation are purchased pursuant to a Change of Control Offer with respect to such Change of Control Triggering Event.

Future credit agreements or other agreements relating to Indebtedness to which the Issuer becomes a party may prohibit or limit, the Issuer from repurchasing any Notes as a result of a Change of Control. In the event a Change of Control occurs at a time when the Issuer is prohibited from repurchasing the Notes, the Issuer could seek the consent of the holders of such Indebtedness to permit the repurchase of the Notes or could attempt to refinance such Indebtedness that contains such prohibition. If the Issuer does not obtain such consent or repay such Indebtedness, the Issuer will remain prohibited from repurchasing the Notes. In such case, the Issuer’s failure to repurchase tendered Notes would constitute an Event of Default under the Indenture. In addition, the Revolving Credit Facility provides that following a Change of Control, lenders under the Revolving Credit Facility are not obliged to fund any further loans, and are individually entitled, after the requisite notice period, to require prepayment of their participation in any outstanding loans and cancellation of their commitments in respect of the Revolving Credit Facility in full. If Convatec experiences a Change of Control, Convatec could seek a waiver from all of the lenders under the Revolving Credit Facility of the Change of Control event or seek to refinance the Revolving Credit Facility. In the event Convatec does not obtain such a waiver or refinance the Revolving Credit Facility, such Change of Control would restrict further utilization of the Revolving Credit Facility and could result in amounts outstanding under the Revolving Credit Facility being declared due and payable.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of “all or substantially all” of the properties or assets of Convatec and its Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require the Issuer to repurchase its notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of Convatec and its Subsidiaries taken as a whole to another Person or group may be uncertain. See *“Risk Factors—Risks Relating to the Notes and the Guarantees—The term “all or substantially all” in the context of a change of control has no clearly established meaning under relevant laws and is subject to judicial interpretation such that it may not be certain that a change of control has occurred or will occur.”*

The provisions under the Indenture relating to the Issuer’s obligations to make an offer to repurchase the Notes as a result of a Change of Control Triggering Event, including the definitions of Change of Control and Change of Control Triggering Event, may be waived or modified (including after the occurrence of a Change of Control or Change of Control Triggering Event) with the consent of the holders of a majority in aggregate principal amount of the Notes.

MANDATORY REDEMPTION; OPEN MARKET PURCHASES

The Issuer is not required to make mandatory redemption or sinking fund payments with respect to the Notes. The Issuer may at any time and from time to time acquire notes by tender offer, open market purchases, negotiated transactions or otherwise.

CERTAIN COVENANTS

Liens

Neither Convatec nor the Issuer will permit any of its Restricted Subsidiaries to create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind (other than Permitted Liens) securing Indebtedness upon (a) any Principal Property now owned or hereafter acquired or (b) capital stock of any Restricted Subsidiary, unless (1) in the case of any Lien securing *pari passu* Indebtedness, the Notes are secured by a Lien that is senior in priority to or *pari passu* with such Lien and (2) in the case of any Lien securing subordinated Indebtedness, the Notes are secured by a Lien that is senior in priority to such Lien, unless after giving effect thereto, the aggregate principal amount of all such Indebtedness secured by a Lien on a Principal Property (other than a Permitted Lien) then outstanding would not exceed an amount equal to the greater of (x) \$150 million and (y) 15% of Consolidated Total Assets as determined on the date of incurrence of such Indebtedness after giving *pro forma* effect to such incurrence and the application of the proceeds therefrom.

Any Lien created for the benefit of the holders of the Notes pursuant to the preceding paragraph will provide by its terms that any such Lien shall be automatically and unconditionally released and discharged upon the release and discharge of the Lien on such other Indebtedness, without any further action required of the Issuer, Convatec, any other Subsidiary of Convatec or the trustee.

The expansion of Liens by virtue of accrual of interest, the accretion of accreted value, the payment of interest or dividends in the form of additional Indebtedness, amortization of original issue discount and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing Indebtedness will not be deemed to be an incurrence of Liens for purposes of this covenant.

For purposes of determining compliance with this covenant, (x) a Lien need not be incurred solely by reference to one category of Permitted Liens but may be incurred under any combination of such categories (including in part under the terms of the Lien covenant, in part under one such category of Permitted Liens and in part under any other such category of Permitted Liens) and (y) in the event that a Lien (or any portion thereof) meets the criteria of one or more of such categories of Permitted Liens, the Issuer shall, in its sole discretion, classify or may subsequently reclassify at any time such Lien (or any portion thereof) in any manner that complies with this covenant and the definition of Permitted Liens.

Sale and Lease Back Transactions

The Issuer, Convatec and any Restricted Subsidiary of Convatec will not, directly or indirectly, enter into any arrangement with any Person (other than the Issuer, Convatec or a Restricted Subsidiary of Convatec) whereby it sells or transfers any Principal Property and thereafter rents or leases such Principal Property or any part thereof which it intends to use for substantially the same purpose or purposes as the Principal Property sold or transferred (a "Sale and Lease Back Transaction") unless:

- (1) the Issuer, Convatec or such Restricted Subsidiary, as applicable, effectively provides that the Notes (together with, if the Issuer so elects, any other Indebtedness of or guaranteed by the Issuer, Convatec or such Restricted Subsidiary ranking equally with the Notes) will be secured equally and ratably with (or prior to) the obligations under the arrangement for the term of such arrangement; or
- (2) the aggregate Attributable Indebtedness from all Sale and Lease Back Transactions not otherwise permitted by another exception under this covenant, together with the aggregate principal amount of all Indebtedness secured by Liens (other than Permitted Liens) upon a Principal Property, does not exceed 15% of Consolidated Total Assets, as determined on the date of such transaction; or
- (3) within 365 days of the effective date of any such Sale and Lease Back Transaction, an amount equal to the Net Proceeds of such Sale and Lease Back Transaction (less the amount of Net Proceeds used to prepay, redeem, or purchase the Notes) is applied by the Issuer, Convatec or such Restricted Subsidiary of Convatec to: (i) the prepayment, redemption or retirement of Indebtedness of the Issuer, Convatec or any Restricted Subsidiaries (which may include the Notes) and/or (ii) the acquisition, construction or improvement of any property or assets; or

- (4) the transaction is for a term, including renewals, of not more than three years; or
- (5) the transaction is solely between or among the Issuer, Convatec and/or any Restricted Subsidiary.

Merger, Consolidation or Sale of Assets

The Issuer

The Issuer will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Issuer is the surviving corporation), or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to another Person, unless:

- (1) either: (a) the Issuer is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or to which such sale, assignment, transfer, lease, conveyance or other disposition has been made (the “Successor Company”) is an entity organized or existing under the laws of the United States, any state or territory thereof, the District of Columbia, the United Kingdom, any member country of the European Union, Canada or Switzerland; and, if such entity is not a corporation, a co-obligor of the Notes is a corporation organized or existing under any such laws;
- (2) the Successor Company (if other than the Issuer) assumes all the obligations of the Issuer under the Notes and the Indenture pursuant to a supplemental indenture substantially in the form attached to the Indenture or pursuant to other documents or instruments reasonably satisfactory to the trustee;
- (3) immediately after such transaction, no Default or Event of Default exists; and
- (4) the Issuer or the Successor Company (if other than the Issuer) will have delivered to the trustee an officer’s certificate and opinion of counsel, each stating that such sale, assignment, transfer, lease, conveyance or other disposition, and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture, comply with this covenant.

The Successor Company will succeed to, and be substituted for, the Issuer under the Indenture and the Notes and the Issuer will automatically be released and discharged from its obligations under the Indenture and the Notes.

Convatec

Convatec will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not Convatec is the surviving corporation), or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of Convatec and its Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

- (1) either: (a) Convatec is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than Convatec) or to which such sale, assignment, transfer, lease, conveyance or other disposition has been made (the “Successor Parent”) is an entity organized or existing under the laws of the United States, any state or territory thereof, the District of Columbia, the United Kingdom, any member country of the European Union, Canada or Switzerland; and, if such entity is not a corporation, a co-obligor of the Notes is a corporation organized or existing under any such laws;
- (2) the Successor Parent (if other than Convatec) assumes all the obligations of Convatec under the Notes and the Indenture pursuant to a supplemental indenture substantially in the form attached to the Indenture or pursuant to other documents or instruments reasonably satisfactory to the trustee;
- (3) immediately after such transaction, no Default or Event of Default exists; and
- (4) Convatec or the Successor Parent (if other than Convatec) will have delivered to the trustee an officer’s certificate and opinion of counsel, each stating that such sale, assignment, transfer, lease, conveyance or other disposition, and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture, comply with this covenant.

The Successor Parent will succeed to, and be substituted for, Convatec under the Indenture and the Notes and Convatec will automatically be released and discharged from its obligations under the Indenture and the Notes, but in the case of a lease of all or substantially all of the properties and assets of Convatec and its Subsidiaries

taken as a whole, Convatec will not be released from its obligations under the Indenture and the Notes, including its Note Guarantee.

Other Guarantors

Other than Convatec, to which the provisions of the section under “—Convatec” apply, no Guarantor (other than a Guarantor (excluding Convatec) whose Note Guarantee is to be released in accordance with the terms of the Indenture) may:

- (1) consolidate with or merge with or into any Person (whether or not such Guarantor is the surviving Person);
- (2) sell, assign, convey, transfer, lease or otherwise dispose of, all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person;
- (3) permit any Person to merge with or into it,

unless:

- (a) the other Person is Convatec or a Subsidiary of Convatec that is a Guarantor or becomes a Guarantor as a result of such transaction;
- (b) (1) either (x) a Guarantor is the surviving Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Note Guarantee and the Indenture; and (2) immediately after giving effect to the transaction, no Default or Event of Default shall have occurred and is continuing; or
- (c) the transaction constitutes a Permitted Reorganization.

General

Notwithstanding the foregoing provisions of this covenant,

- (1) any Subsidiary of Convatec may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to Convatec (so long as Convatec is a Guarantor), a Guarantor or the Issuer,
- (2) any Subsidiary of Convatec that is not a Guarantor or the Issuer may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Subsidiary of Convatec or Convatec, and
- (3) Convatec, the Issuer and any other Guarantor may merge with or into an Affiliate solely for the purpose of reincorporating such entity in another jurisdiction, changing the legal domicile of Convatec, the Issuer or such other Guarantor or changing the legal form of Convatec, the Issuer or other Guarantor.

REPORTS

As long as any Notes are outstanding, the Issuer will furnish to the trustee:

- (1) within 120 days after the end of Convatec’s fiscal year, annual reports containing audited consolidated financial statements of Convatec for the fiscal year then ended and comparative audited consolidated financial statements of Convatec for the prior fiscal year, in each case prepared in accordance with GAAP together with reasonably detailed footnote disclosure, and also containing, with respect to Convatec and its Subsidiaries, disclosure regarding Convatec’s business and management’s analysis of the financial results in form and substance substantially similar to that contained in Convatec’s annual report with respect to the fiscal year ended December 31, 2024;
- (2) within 90 days following the end of the first half-year in each of Convatec’s fiscal years, half-year reports containing the following information: (i) an unaudited condensed consolidated balance sheet as of the end of such period and unaudited condensed statements of income and cash flow for such period, and the comparable prior year period, each under GAAP, together with condensed footnote disclosure; and (ii) an operating and financial review of the financial statements, including a discussion of the results of operations, financial condition, and material changes in liquidity and capital resources, and a discussion of material commitments and contingencies and changes in critical accounting policies;

- (3) promptly after the occurrence of a material acquisition, disposition, restructuring of Convatec and its Subsidiaries taken as a whole or change in auditors or any other material event of Convatec and its Subsidiaries taken as a whole that Convatec publicly announces, a report containing a description of such event.

The Issuer will be deemed to be in compliance with the terms of the paragraph above if Convatec is compliant with the admission and disclosure standards of the London Stock Exchange, the New York Stock Exchange, NASDAQ or any other listing venue with substantially similar reporting requirements applicable to an issuer of ordinary shares listed on any such listing venue.

The Issuer will be deemed to have furnished the reports referred to in clauses (1), (2) and (3) of the second paragraph above to the trustee and the holders if the Issuer or Convatec has posted such reports on its website. The trustee shall have no responsibility to determine if and when any of the above reports have been filed or posted on any website. Delivery of the above reports to the trustee is for informational purposes only and the trustee's receipt of such reports will not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's or any other parties' compliance with any of its covenants in the Indenture (as to which the trustee will be entitled to rely exclusively on officer's certificates that are delivered).

EVENTS OF DEFAULT AND REMEDIES

Each of the following is an "Event of Default" under the Indenture:

- (1) default for 30 days in the payment when due of interest on the Notes;
- (2) default in the payment when due (at maturity, upon redemption (including pursuant to a Change of Control Offer) or otherwise) of the principal of, or premium, if any, on, the Notes;
- (3) failure by Convatec or any of its Subsidiaries to comply with the provisions described under the caption "*Certain Covenants—Merger, Consolidation or Sale of Assets*" for 60 days after notice to the Issuer by the trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding;
- (4) failure by Convatec or any of its Subsidiaries for 60 days after notice to the Issuer by the trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding to comply with any of the other agreements in the Indenture;
- (5) default with respect to any mortgage, agreement or other instrument under which there may be outstanding, or by which there may be secured or evidenced, any Indebtedness for money borrowed in excess of \$75.0 million in the aggregate by the Issuer, any Guarantor or any Significant Subsidiary of Convatec (other than any such Indebtedness owed to the Issuer or any Guarantor), whether such Indebtedness or Guarantee now exists or is created after the date of the Indenture, if that default:
 - (a) constitutes a failure to pay the principal or interest of any such Indebtedness or Guarantee when due and payable at its stated maturity, upon required repurchase, upon declaration or otherwise, prior to the expiration of any applicable grace period provided for under the terms of such Indebtedness (a "Payment Default"); or
 - (b) results in such Indebtedness becoming or being declared due and payable prior to its specified maturity as a result of an event of default (howsoever described);
- (6) failure by the Issuer, any Guarantor or any Significant Subsidiary of Convatec to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of \$75.0 million (net of any amounts that are covered by insurance policies issued by reputable and creditworthy insurance companies), which judgments are not paid, discharged or stayed, for a period of 60 days;
- (7) the Parent Guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or Convatec, or any Person acting on behalf of Convatec, denies or disaffirms its obligations under the Parent Guarantee; and

- (8) certain events of bankruptcy or insolvency described in the Indenture with respect to the Issuer or any Guarantor that is a Significant Subsidiary, or any group of Guarantors that, taken together, would constitute a Significant Subsidiary.

In the case of an Event of Default described under clause (8) above, all outstanding notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the trustee or the holders of at least 25% in aggregate principal amount of the then outstanding notes may declare by written notice to the Issuer (and the trustee if such notice is given by the holders) all the Notes to be due and payable immediately.

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding notes may direct the trustee in its exercise of any trust or power. The trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal of, premium on, if any, and interest.

In case an Event of Default occurs and is continuing, the trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any holders of Notes unless such holders have offered to the trustee indemnity and/or security (including by way of pre-funding) satisfactory to the trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, or interest when due, no holder of a note may pursue any remedy with respect to the Indenture or the Notes unless:

- (1) such holder has previously given the trustee written notice that an Event of Default is continuing;
- (2) holders of at least 25% in aggregate principal amount of the then outstanding notes make a written request to the trustee to pursue the remedy;
- (3) such holder or holders offer and, if requested, provide to the trustee indemnity and/or security (including by way of pre-funding) satisfactory to the trustee against any loss, liability or expense;
- (4) the trustee does not comply with such request within 60 days after receipt of the request and the offer of indemnity and/or security (including by way of pre-funding); and
- (5) during such 60-day period, holders of a majority in aggregate principal amount of the then outstanding notes do not give the trustee a direction inconsistent with such request.

The holders of a majority in aggregate principal amount of the then outstanding notes by written notice to the trustee may, on behalf of the holders of all of the Notes, rescind an acceleration or waive any existing Default or Event of Default and its consequences under the Indenture, if the rescission would not conflict with any judgment or decree, except a continuing Default or Event of Default in the payment of principal of, premium on, if any, or interest on, the Notes. Upon any waiver of a Default or Event of Default with respect to the Notes, such Default or Event of Default shall cease to exist with respect to the Notes, and any Event of Default with respect to the Notes arising therefrom shall be deemed to have been cured.

In the event of any Event of Default specified in clause (5) in the first paragraph under the heading “*Events of Default and Remedies*” above, such Event of Default and all consequences thereof (excluding any resulting payment default, other than as a result of acceleration of the Notes) shall be annulled, waived and rescinded, automatically and without any action by the trustee or the holders, if within 30 days after such Event of Default arose:

- (1) the Indebtedness or Guarantee that is the basis for such Event of Default has been discharged;
- (2) holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default; or
- (3) the default that is the basis for such Event of Default has been cured.

Subject to certain restrictions, the holders of a majority in principal amount of the total outstanding notes are given the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the trustee or of exercising any trust or power conferred on the trustee. The trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the trustee determines is unduly prejudicial to the rights of any other holder of a note or that could result in personal liability for the trustee. The trustee may

withhold from holders of the Notes notice of any continuous Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, premium or interest.

The Issuer is required to deliver to the trustee annually a statement regarding compliance with the Indenture. Within 30 days of becoming aware of any Default or Event of Default that is continuing, the Issuer is required to deliver to the trustee a statement specifying such Default or Event of Default and how the Issuer plans to resolve such Default or Event of Default.

If a Default occurs as a result of a failure to deliver a report or a required certificate in connection with another default (an “Initial Default”), then at the time such Initial Default is cured, such Default for a failure to deliver a report or required certificate in connection with the Initial Default will also be cured without any further action.

Any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant described under “*Reports*” above or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture, and in such event no action may be brought against Convatec, the Issuer or any of the Subsidiaries as a result of the occurrence of such Default or Event of Default which has been so cured.

NO PERSONAL LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES AND STOCKHOLDERS

No director, officer, employee, incorporator or stockholder of the Issuer or any Guarantor, as such, will have any liability for any obligations of the Issuer or the Guarantors under the Notes, the Indenture, the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.

LEGAL DEFEASANCE AND COVENANT DEFEASANCE

The Issuer may, at its option and at any time, elect to have all of its obligations discharged with respect to the outstanding Notes and all obligations of the Guarantors discharged with respect to their Note Guarantees (“Legal Defeasance”) except for:

- (1) the rights of holders of outstanding Notes to receive payments in respect of the principal of, premium on, if any, or interest on, such Notes when such payments are due from the trust referred to below;
- (2) the Issuer’s obligations with respect to the Notes concerning issuing temporary notes, registration of Notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payment and money for security payments held in trust;
- (3) the rights, powers, trusts, duties and immunities of the trustee under the Indenture, and the Issuer’s and the Guarantors’ obligations in connection therewith; and
- (4) the Legal Defeasance and Covenant Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer and the Guarantors released with respect to certain covenants (including its obligation to make Change of Control Offers) that are described in the Indenture (“Covenant Defeasance”) and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes. In the event a Legal Defeasance or a Covenant Defeasance occurs, all Events of Default described under “—*Events of Default and Remedies*” (except those relating to payments on the Notes or bankruptcy, receivership, rehabilitation or insolvency events) will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

- (1) The Issuer must irrevocably deposit with the trustee, in trust, for the benefit of the holders of the Notes, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, premium on, if any, and interest on, the

outstanding notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

- (2) in the case of Legal Defeasance, the Issuer must deliver to the trustee an opinion of counsel confirming that (a) the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the date of the Indenture, there has been a change in the applicable federal income tax law (or official interpretation thereof), in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of the outstanding notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;
- (3) in the case of Covenant Defeasance, the Issuer must deliver to the trustee an opinion of counsel confirming that the holders of the outstanding notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;
- (4) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit (and any similar concurrent deposit relating to other Indebtedness), and the granting of Liens to secure such borrowings);
- (5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the Indenture and the agreements governing any other Indebtedness being defeased, discharged or replaced) to which the Issuer or any of the Guarantors is a party or by which the Issuer or any of the Guarantors is bound (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit (and any similar concurrent deposit relating to other Indebtedness) and the granting of Liens to secure such borrowings);
- (6) the Issuer must deliver to the trustee an officer's certificate of Convatec stating that the deposit was not made by the Issuer with the intent of preferring the holders of Notes over the other creditors of the Issuer with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer or others; and
- (7) the Issuer must deliver to the trustee an officer's certificate of Convatec and an opinion of counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

AMENDMENTS, SUPPLEMENT AND WAIVER

Except as provided in the next three succeeding paragraphs, the Indenture or the Notes or the Note Guarantees may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the then outstanding notes (including, without limitation, additional notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes), and any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of, premium on, if any, or interest on, the Notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of the Indenture or the Notes or the Note Guarantees may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding notes (including, without limitation, additional notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes).

Without the consent of each holder of Notes affected, an amendment, supplement or waiver may not (with respect to any notes held by a non-consenting holder):

- (1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;

- (2) reduce the principal of or change the fixed maturity of any note or alter or waive any of the provisions with respect to the redemption of the Notes (for the avoidance of doubt, the provisions referred to in this clause (2) do not include the provisions relating to the covenants described above under the caption “—*Repurchase upon a Change of Control Triggering Event.*”);
- (3) reduce the rate of or change the time for payment of interest on any Note;
- (4) waive a Default or Event of Default in the payment of principal of, premium on, if any, or interest on, the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding notes and a waiver of the payment default that resulted from such acceleration);
- (5) make any note payable in money other than that stated in the Notes;
- (6) make any change in the provisions of the Indenture relating to waivers of past Defaults;
- (7) amend the contractual right expressly set forth in the Indenture of holders of Notes to receive payments of principal of, premium on, if any, or interest on, the Notes on or after the due dates therefor or to institute suit to enforce such payment;
- (8) waive a redemption payment with respect to any note (other than a payment required by the covenant described above under the caption “—*Repurchase upon a Change of Control Triggering Event.*”);
- (9) release the Note Guarantee of Convatec, except in accordance with the terms of the Indenture; or
- (10) make any change in the preceding amendment and waiver provisions.

Notwithstanding the preceding, without the consent of any holder of Notes, the Issuer, the Guarantors and the trustee may amend or supplement the Indenture, the Notes or the Note Guarantees:

- (1) to cure any ambiguity, defect or inconsistency;
- (2) to provide for uncertificated notes in addition to or in place of certificated notes;
- (3) to provide for the assumption of the Issuer’s obligations to holders of Notes in the case of a merger or consolidation or sale of all or substantially all of the Issuer’s assets;
- (4) to provide for the assumption of Convatec’s or any other Guarantor’s obligations to holders of Notes in the case of a merger or consolidation or sale of all or substantially all of Convatec’s or any other Guarantor’s assets;
- (5) to make any change that would provide any additional rights or benefits to the holders of Notes or that does not adversely affect the legal rights under the Indenture of any holder;
- (6) to comply with requirements of the SEC in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act;
- (7) to conform the text of the Indenture, the Notes or the Note Guarantees to any provision of this “Description of the Notes” to the extent that such provision in this “Description of the Notes” was intended to be a verbatim recitation of a provision of the Indenture, the Notes or the Note Guarantees, which intent will be evidenced by an officer’s certificate of Convatec provided to the trustee to that effect;
- (8) to provide for the issuance of additional notes in accordance with the limitations set forth in the Indenture as of the date of the Indenture;
- (9) to release a Guarantor from its Note Guarantee pursuant to the terms of the Indenture when permitted or required pursuant to the terms of the Indenture;
- (10) to secure the Notes and the related Note Guarantees or add covenants for the benefit of the holders of Notes or to surrender any right or power conferred upon the Issuer or any Guarantor;
- (11) to add additional Note Guarantees by additional Guarantors and to add co-issuers of the Notes;

- (12) to evidence and provide for the acceptance and appointment under the Indenture of a successor trustee pursuant to the requirements thereof; or
- (13) to make any amendment to the provisions of the Indenture relating to the transfer or legending of the Notes; *provided*, however, that (i) compliance with the Indenture as so amended would not result in notes being transferred in violation of the Securities Act of 1933, as amended (the “Securities Act”), or any applicable securities law and (ii) such amendment does not materially and adversely affect the rights of holders to transfer notes.

The consent of the holders is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

For the avoidance of doubt, no amendment to the Indenture or other actions taken in compliance with the Indenture covenants in effect at the time of such action shall be deemed to impair the rights of the holders of the Notes to receive payment of principal, premium or interest or to institute suit for the enforcement of any payment on or with respect to such holders of Notes. In addition, in order to prepare a supplemental Indenture to add one or more additional Guarantors to the Indenture, the supplemental indenture only needs to be executed by the Issuer, such additional Guarantor(s) and the trustee.

SATISFACTION AND DISCHARGE

The indenture will be discharged and will cease to be of further effect as to all notes issued thereunder, when:

- (1) either:
 - (a) all notes that have been authenticated, except lost, stolen or destroyed notes that have been replaced or paid and notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the trustee for cancellation; or
 - (b) all notes that have not been delivered to the trustee for cancellation have become due and payable by reason of the delivery of a notice of redemption or otherwise or will become due and payable within one year or are to be called for redemption within one year of the proposed discharge date and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the trustee as trust funds in trust solely for the benefit of the holders, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the trustee for cancellation for principal of, premium on, if any, and interest on, the Notes to the date of maturity or redemption;
- (2) the Issuer or any Guarantor has paid or caused to be paid all sums payable by it under the Indenture; and
- (3) the Issuer has delivered irrevocable instructions to the trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Issuer must deliver an officer’s certificate of Convatec and an opinion of counsel to the trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

CONCERNING THE TRUSTEE

BNY Mellon Corporate Trustee Services Limited will act as trustee under the Indenture.

If the trustee becomes a creditor of the Issuer or any Guarantor, the Indenture limits the right of the trustee to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the SEC for permission to continue as trustee (if the Indenture has been qualified under the Trust Indenture Act) or resign.

The holders of a majority in aggregate principal amount of the then outstanding notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the trustee, subject to certain exceptions. The indenture provides that in the case an Event of Default has occurred and is

continuing of which a responsible officer of the trustee has received written notice, the trustee will be required, in the exercise of its power, to use the degree of care of a prudent person in the conduct of such person's own affairs. The trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered to the trustee indemnity and/or security (including by way of pre-funding) satisfactory to it against any loss, liability or expense.

ADDITIONAL INFORMATION

Anyone who receives this offering memorandum may obtain a copy of the Indenture without charge by writing to 8516 Northwest Expressway, Oklahoma City, OK 73162, United States.

Governing Law

The Indenture, the Notes and the Note Guarantees shall be governed by and construed in accordance with the laws of the State of New York.

CERTAIN DEFINITIONS

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

"2021 Notes" means the \$500,000,000 aggregate principal amount of 3.875% Senior Notes due 2029 issued by 180 Medical, Inc. on 7 October 2021 and any additional 2021 Notes that the Issuer may issue from time to time.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings. No Person (other than Convatec or any Subsidiary of Convatec) in whom a Securitization Subsidiary makes an Investment in connection with a Qualified Securitization Facility will be deemed to be an Affiliate of Convatec or any of its Subsidiaries solely by reason of such Investment.

"Attributable Indebtedness" means, with respect to any Sale and Lease Back Transaction, at the time of determination, the lesser of (1) the sale price of the property so leased multiplied by a fraction the numerator of which is the remaining portion of the base term of the lease included in such transaction and the denominator of which is the base term of such lease, and (2) the total obligation (discounted to the present value at the implicit interest factor, determined in accordance with GAAP, included in the rental payments) of the lessee for rental payments (other than amounts required to be paid on account of property taxes as well as maintenance, repairs, insurance, water rates and other items which do not constitute payments for property rights) during the remaining portion of the base term of the lease included in such transaction.

"Beneficial Owner" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"Board of Directors" means:

- (1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;
- (2) with respect to a partnership, the Board of Directors of the general partner of the partnership;
- (3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

“Business Day” means a day other than a Saturday, Sunday or other day on which the banking institutions in London or New York are authorized or required by law to close.

“Capital Stock” means:

- (1) in the case of a corporation, corporate stock;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person,

but excluding from all of the foregoing any debt securities exchangeable or convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

“Change of Control” means the occurrence of any of the following:

- (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Convatec and its Subsidiaries taken as a whole to any Person (including any “person” (as that term is used in Section 13(d)(3) of the Exchange Act)) other than to Convatec or one of its Subsidiaries;
- (2) the adoption of a plan relating to our liquidation or dissolution; or
- (3) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any “person” (as defined above)) becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of Convatec, measured by voting power rather than number of shares;

“Change of Control Triggering Event” means the occurrence of both a Change of Control and a Ratings Event with respect to the Notes.

“continuing” means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

“Consolidated Total Assets” means the total assets of Convatec and its Subsidiaries on a consolidated basis, as shown on the most recent publicly disclosed consolidated balance sheet of Convatec prepared in accordance with GAAP, *as adjusted* to give *pro forma* effect to acquisitions and dispositions made prior to or that are made on the date of determination, *provided*, that the *pro forma* calculation may give effect to anticipated acquisitions, investments, mergers or similar transactions which have not yet occurred but which have become subject to a definitive purchase agreement, investment agreement, merger agreement or other similar document (or, in the case of a transaction in the form of a tender or exchange offer in connection with which no definitive agreement is entered into with the target company, the date of such tender or exchange offer).

“Credit Facility” means, one or more debt facilities (including, without limitation, the Revolving Credit Facility) or other financing arrangements (including, without limitation, commercial paper facilities or indentures), in each case, providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables), letters of credit or other indebtedness, including any notes, mortgages, guarantees, collateral documents, instruments and agreements executed in connection therewith, in each case, as amended, supplemented, restated, modified, renewed, refunded, replaced in any manner (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities) in whole or in part from time to time, including any such replacement, refunding or refinancing facility or indenture that increases the amount permitted to be borrowed thereunder or alters the maturity thereof or adds Subsidiaries as additional borrowers or guarantors thereunder and whether by the same or any other agent, lender or group of lenders.

“Default” means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

“Facilities Agreement” means the facilities agreement dated 15 November 2022 (as amended and/or restated from time to time) between, among others, Convatec Finance Holding Limited and Convatec Inc. as original borrowers and National Westminster Bank plc as facility agent.

“Fair Market Value” means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined in good faith by the chief financial officer or chief executive officer of Convatec (unless otherwise provided in the Indenture).

“Fitch” means Fitch Ratings Inc. and any successor to its rating agency business.

“GAAP” means generally accepted accounting principles in the United Kingdom, including IFRS; provided that, if Convatec elects to eliminate the effect of any change in such accounting principles adopted after the date of the Indenture or in the application thereof on the operation of any provision of the Indenture, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective.

“Guarantors” means Convatec and any Subsidiary of Convatec that executes a Note Guarantee in accordance with the provisions of the Indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture.

“IFRS” means adopted accounting standards within the meaning of the IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

“Indebtedness” means (without double counting) any indebtedness for or in respect of:

- (1) money borrowed;
- (2) any amount raised by acceptance under any acceptance credit facility or dematerialized equivalent;
- (3) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (4) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (5) any amount raised under any other transaction (including any forward sale or purchase agreement) required by GAAP to be shown as a borrowing in the consolidated balance sheet of Convatec;
- (6) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount) shall be taken into account);
- (7) any preferred stock and any shares that are expressed to be redeemable;
- (8) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution, in each case in respect of indebtedness of a type referred to in paragraphs (1) to (7) above (and which is not a contingent obligation); and
- (9) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (1) to (8) above;

provided that the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a balance sheet liability shall not be considered “Indebtedness”.

The amount of any Indebtedness outstanding as of any date will be:

- (1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;

- (2) the principal amount of the Indebtedness, in the case of any other Indebtedness; and
- (3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:
 - (a) the Fair Market Value of such assets at the date of determination; and
 - (b) the amount of the Indebtedness of the other Person.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof; *provided*, that in no event shall any rights of a lessor under a lease which may be considered an operating lease be deemed to constitute a Lien.

“London Stock Exchange” means the London Stock Exchange Group plc.

“Moody’s” means Moody’s Investors Service, Inc., and any successor to its rating agency business.

“Net Proceeds” from a Sale and Lease Back Transaction means cash payments received therefrom (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and proceeds from the sale or other disposition of any securities received as consideration, all purchase price adjustments, earn-outs and contingency payment obligations to which a seller may become entitled after the closing of such Sale and Lease Back Transaction and all holdbacks, in each case, only as and when received in cash, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to such properties or assets or received in any other non-cash form), in each case net of (without duplication): (1) all legal, accounting, title and transfer or recording tax expenses, broker’s fees or commissions and other fees and expenses (including, without duplication, any repatriation costs associated with receipt by the applicable taxpayer of such proceeds) incurred, and all federal, state, provincial, foreign and local taxes (whether on account of income, gains or otherwise) required to be accrued as a liability under GAAP, as a consequence of such Sale and Lease Back Transaction; (2) all payments made on any Indebtedness which is secured by any assets subject to such Sale and Lease Back Transaction, in accordance with the terms of any Lien upon or other security agreement of any kind with respect to such assets, or which must by its terms, or in order to obtain a necessary consent to such Sale and Lease Back Transaction, or by applicable law, be repaid out of the proceeds from such Sale and Lease Back Transaction; (3) the deduction of appropriate amounts provided by the seller as a reserve, in accordance with GAAP, against any liabilities associated with the property or other assets disposed in such Sale and Lease Back Transaction and retained by Convatec or any of its Subsidiaries after such Sale and Lease Back Transaction; (4) any portion of the purchase price from a Sale and Lease Back Transaction placed in escrow in connection with that Sale and Lease Back Transaction; *provided*, that upon the termination of that escrow, Net Proceeds will be increased by any portion of funds in the escrow that are released to Convatec or any of its Subsidiaries; and (5) the amount of any purchase price adjustment, contingent or deferred payment obligation that Convatec and/or any of its Subsidiaries is obligated to pay to another Person in connection with a Sale and Lease Back Transaction.

“Note Guarantee” means the Parent Guarantee and the guarantee by each other Guarantor of the Issuer’s obligations under the Indenture and the Notes, in accordance with the provisions of the Indenture.

“Parent Guarantee” means the Note Guarantee by Convatec of the Issuer’s obligations under the Indenture and the Notes, in accordance with the provisions of the Indenture.

“Permitted Liens” means:

- (1) Liens in favor of the Issuer or any of the Guarantors;
- (2) Any netting or set-off arrangement entered into by Convatec or any subsidiary of Convatec in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;
- (3) Any payment or close out netting or set-off arrangement pursuant to any hedging transaction entered into by Convatec or any subsidiary of Convatec for the purpose of:

- (A) hedging any risk to which Convatec or any subsidiary of Convatec is exposed in its ordinary course of trading; or
 - (B) its interest rate or currency management operations which are carried out in the ordinary course of business and for non-speculative purposes only,
- excluding, in each case, any Lien under a credit support arrangement in relation to a hedging transaction;
- (4) Liens arising by operation of law or in the ordinary course of trading, including but not limited to:
- (A) Liens Incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security or other insurance;
 - (B) Liens Incurred in connection with any cash management program established in the ordinary course of business for Convatec's or any of its Subsidiaries' benefit and liens arising by reason of netting or set-off entered into in the ordinary course of banking and trading activities;
 - (C) Liens made to secure obligations arising from statutory, regulatory, contractual or warranty requirements of Convatec or any Subsidiary of Convatec, including rights of offset and set off;
 - (D) Liens Incurred or deposits made in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, insurance, trade contracts, leases (including, without limitation, statutory and common law landlord's liens), licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds or obligations) (including any Liens to secure letters of credit issued to assure payments of such obligations), or as security for contested Taxes or import or customs duties or for the payment of rent, or other obligations of a like nature, in each case Incurred in the ordinary course of business;
 - (E) zoning restrictions, ground leases, survey exceptions, (including reciprocal easements) easements, licenses, reservations, title defects, rights of others for rights of way, utilities, sewers, electrical lines, telephone lines, telegraph wires, restrictions, encroachments and other similar charges, encumbrances or title defects incurred in the ordinary course of business that do not in the aggregate materially interfere with in any material respect the ordinary conduct of the business of Convatec and its Subsidiaries on the properties subject thereto, taken as a whole;
 - (F) (i) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which Convatec or any Subsidiary of Convatec has easement rights or on any real property leased by Convatec or any Subsidiary of Convatec and subordination or similar agreements relating thereto and (ii) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;
 - (G) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;
 - (H) Liens arising by reason of any judgment, decree or order of any court so long as such Lien is adequately bonded and any appropriate legal proceedings that may have been duly initiated for the review of such judgment, decree or order shall not have been finally terminated or the period within which such proceedings may be initiated shall not have expired;
 - (I) Liens arising out of conditional sale, title retention, consignment, deferred payment, supply agreements or similar arrangements for the sale or purchase of goods entered into by Convatec or any Subsidiary of Convatec in the ordinary course of business;
 - (J) statutory Liens of landlords and carriers, warehousemen, mechanics, suppliers, materialmen, repairmen, employees, pension plan administrators or other like Liens arising in the ordinary course of the business of Convatec or any Subsidiary of Convatec and with respect to amounts not yet delinquent for more than 60 days or being contested in good faith by appropriate

proceedings and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

- (K) Liens arising solely by virtue of any statutory or common law provisions relating to attorney's liens or bankers' liens, rights of set off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depositary institution; and
 - (L) Liens for Taxes, assessments, government charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;
- (5) Liens over or affecting (i) any asset acquired by Convatec or any subsidiary of Convatec after the date of the Indenture or (ii) any asset of any company or other entity which becomes a subsidiary of Convatec where such Lien was created prior to the date on which that company or other entity became a subsidiary of Convatec, if:
- (A) such Lien was not created in contemplation of the acquisition of that asset, company or other entity, as applicable, by Convatec or any subsidiary of Convatec;
 - (B) the principal amount secured has not been increased in contemplation of or since the acquisition of that asset, company or other entity, as applicable, by Convatec or any subsidiary of Convatec; and
 - (C) such Lien is removed or discharged on or before the date of acquisition of such asset or of such company or other entity becoming a subsidiary of Convatec, as applicable;
- (6) Liens arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to Convatec or any subsidiary of Convatec in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by Convatec or any subsidiary of Convatec;
- (7) Liens existing on the date of the indenture;
- (8) (x) Liens arising under any lease or hire purchase contract, which would, in accordance with GAAP, be treated as a finance or capital lease and (y) any interest or title of a lessor under any lease or any other obligation of Convatec or any Subsidiary under a lease of (or other agreement conveying the right to use) any property (whether real, personal or mixed), which obligation is required to be classified and accounted for as a lease obligation under GAAP;
- (9) Liens over bank accounts granted pursuant to the relevant account bank's standard terms and conditions;
- (10) Liens arising in connection with any acquisition or disposal permitted by the terms of the Indenture (including Liens over any cash paid into an escrow account) provided that such Lien is only outstanding for a period of six months or less following the acquisition or disposal;
- (11) Liens created for the benefit of (or to secure) the Notes (or the Note Guarantees);
- (12) Liens created or subsisting in order to secure any obligations incurred in order to comply with the requirements of section 8a of the German Partial Retirement Act (Altersteilzeitgesetz) or pursuant to section 7e of the Fourth Book of the German Social Security Code (SGB IV);
- (13) any extension, renewal or replacement, in whole or in part, of any Lien; provided that any such extension, renewal or replacement shall be no more restrictive in any material respect than the Lien so extended, renewed or replaced and shall not extend in any material respect to any additional property or assets.

For purposes of determining compliance with this definition, (x) a Lien need not be incurred solely by reference to the Lien covenant or to one category of Permitted Liens described in this definition, but may be incurred under any combination of such categories (including in part the Lien covenant, in part under one category of Permitted Liens, and in part under any other category of Permitted Liens) and (y) in the event that a Lien (or any portion thereof) meets the criteria of one or more of such categories of Permitted Liens or the Lien Covenant, the Issuer

shall, in its sole discretion, classify or reclassify such Lien (or any portion thereof) in any manner that complies with the Lien Covenant and this definition.

“Permitted Reorganization” means any amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization, winding up or corporate reconstruction involving Convatec or any of Convatec’s Subsidiaries (a “Reorganization”) that is made on a solvent basis; *provided* that any payments or assets of Convatec or any of Convatec’s Subsidiaries distributed in connection with such Reorganization remain within Convatec and Convatec’s Subsidiaries; and if in connection with a Permitted Reorganization any of the Note Guarantees are released pursuant to “—*Note Guarantees*”, substantially equivalent Note Guarantees must be granted by a surviving entity, if any.

“Person” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

“Principal Property” means all real property and improvements thereon, including, without limitation, any manufacturing facility or plant or any portion thereof, office facility, including our principal corporate offices, warehouse, research facility or distribution center owned or leased by Convatec or any of its Restricted Subsidiaries, the gross book value (without deduction of any depreciation reserves) of which on the date as of which the determination is being made exceeds 2% of the Consolidated Total Assets of Convatec except any such property which the Convatec board of directors, in its good faith opinion, determines is not of material importance to the business conducted by Convatec and its subsidiaries, taken as a whole.

“Public Debt” means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

“Rating Agencies” means Moody’s, S&P and Fitch or if Moody’s, S&P, Fitch or any of them shall not make a rating on the Notes publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Issuer, which shall be substituted for Moody’s, S&P, Fitch or any of them, as the case may be.

“Ratings Decline Period” means the period that (i) begins on the earlier of (a) a Change of Control or (b) the first public notice of the intention by Convatec to effect a Change of Control and (ii) ends 60 days following the consummation of such Change of Control; *provided*, that such period will be extended so long as the rating of the Notes is under publicly announced consideration for a possible downgrade by any of the Rating Agencies.

“Ratings Event” means a downgrade by one or more gradations (including gradations within ratings categories, as well as between rating categories) below a rating of Baa3 (or the equivalent) by Moody’s and BBB- (or the equivalent) by S&P or Fitch or withdrawal of the rating of the Notes within the Ratings Decline Period by at least two of the Rating Agencies and the relevant Rating Agencies announce publicly or confirm in writing to the Issuer that such decision was as a result, in whole or in part, of the Change of Control.

“Relevant Period” means:

- (1) each period of 12 months ending on or about the last day of each of Convatec’s financial years; and
- (2) each period of 12 months ending on or about the last day of the first half of each of Convatec’s financial years.

“Restricted Subsidiary” means any of our Wholly-Owned Subsidiaries which both (x) has substantially all of its property located within the United Kingdom or the United States; and (y) owns a Principal Property; but does not include any Wholly-Owned Subsidiary principally engaged in leasing or in financing installment receivables or principally engaged in financing the operations of us and our consolidated subsidiaries.

“Revolving Credit Facility” means the \$950 million (equivalent) revolving credit facility established under the Facilities Agreement.

“S&P” means S&P Global Ratings, a division of S&P Global Inc., and any successor to its rating agency business.

“Significant Subsidiary” shall have the meaning ascribed to such term in Rule 1-02(w) of Regulation S-X, promulgated under the Securities Act.

“Stated Maturity” means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the date of the Indenture, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

“Subsidiary” means, with respect to any specified Person:

- (1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders’ agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and
- (2) any partnership or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

“Tax” means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

“Term Loan” means the \$250 million (equivalent) term loan facility established under the Facilities Agreement.

“Voting Stock” of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

“Wholly-Owned Subsidiary” means any corporation in which control, directly or indirectly, of all of the stock with ordinary voting power to elect the board of directors of that corporation is owned by us, or by one or more of our wholly-owned subsidiaries or by us and one or more of our wholly-owned subsidiaries.

BOOK-ENTRY; DELIVERY AND FORM

General

The Notes will initially be issued in the form of several Global Notes in registered form without interest coupons attached. The Notes offered and sold in the United States to persons reasonably believed to be qualified institutional buyers in reliance upon Rule 144A will be represented by beneficial interests in one or more permanent Global Notes in fully registered form without interest coupons attached (the “Rule 144A Global Notes”). The Notes offered and sold outside the United States in offshore transactions pursuant to Regulation S will be represented by beneficial interests in one or more permanent Global Notes in fully registered form without interest coupons attached (the “Regulation S Global Note” and, together with the Rule 144A Global Note, the “Global Notes”).

The Rule 144A Global Note and Regulation S Global Note will be deposited with a custodian for DTC, and registered in the name of Cede & Co. as nominee of DTC. Prior to the 40th day after the later of the commencement of the Offering and the date of the original issue of the Notes, any resale or other transfer of beneficial interests in a Regulation S Global Note to U.S. persons shall not be permitted unless such resale or transfer is made pursuant to Rule 144A or Regulation S and in accordance with the certification requirements described below. The Notes will be issued in minimum denominations of \$200,000 and integral multiples of \$1,000 in excess thereof.

Ownership of interests in the Global Notes will be limited to persons that have an account with DTC or persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarised below and described more fully under “*Notice to Investors.*” Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by DTC and its participants, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by DTC, as applicable, and its respective participants.

The Book-Entry Interests will not be held in definitive form. Instead, DTC will credit on its respective book-entry registration and transfer systems a participant’s account with the interest beneficially owned by such participant. Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominees. Book-Entry Interests in the Global Notes may not be exchanged for definitive notes in registered certificated form (“*Certificated Notes*”) except in the limited circumstances described below. Please see “—*Exchange of Global Notes for Certificated Notes.*” The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests.

In addition, while the Notes are in global form, “holders” of Book-Entry Interests will not be considered the owners or “Holders” of Notes for any purpose. So long as the Notes are held in global form, DTC (or its nominee) will be considered the Holder of Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of DTC and indirect participants must rely on the procedures of DTC and the participants through which it owns Book-Entry Interests in order to exercise any rights of Holders under the Indenture. Neither the Issuer, the Guarantors nor the Trustee nor any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Payments on Global Notes

Payments of amounts owing in respect of the Global Notes (including principal, interest and premium, if any, and additional amounts, if any) will be made by the Issuer in U.S. dollars to the Paying Agent. The Paying Agent will, in turn, make such payments to DTC or its nominee, which will distribute such payments to participants in accordance with their respective procedures.

Under the terms of the Indenture, the Issuer, the Paying Agent, the Registrar, the Transfer Agent and the Trustee will treat the registered holder of the Global Notes (i.e., DTC or its nominees) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer nor the Paying Agents, Registrar, the Transfer Agent and Trustee or any of their respective agents has or will have any responsibility or liability for:

- any aspects of the records of DTC, or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, for any such payments made by DTC, or any participant or indirect

participants, or for maintaining supervising or reviewing the records of DTC or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or

- any other matter relating to the actions and practices of DTC or any participant or indirect participant. Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of customers registered in “street name.”

Action by Owners of Book-Entry Interests

DTC has advised the Issuer that it will take any action permitted to be taken by a Holder of Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. DTC will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, DTC reserves the right to exchange the Global Notes for Certificated Notes in certificated form, and to distribute such Certificated Notes to their respective participants.

Exchanges Between the Global Notes

The Global Notes will bear a legend to the effect set forth in “*Notice to Investors*.” Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in “*Notice to Investors*.” Book-Entry Interests in any Rule 144A Global Note may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Note only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act (if available). Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of Rule 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a “qualified institutional buyer” within the meaning of Rule 144A purchasing for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under “*Notice to Investors*” and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note of such series to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Certificated Notes are issued, they will be issued only in minimum denominations of \$200,000 principal amount and integral multiples of \$1,000, respectively, in excess thereof, as the case may be, upon receipt by the registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by DTC, as applicable, from the participant who owns the relevant Book-Entry Interests. Certificated Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer to be in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarised below and described more fully under “*Notice to Investors*.” In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at DTC, where appropriate, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any taxes, duties and governmental charges payable in connection with such transfer.

Exchange of Global Notes for Certificated Notes

A Global Note is exchangeable for Certificated Notes:

- (1) in the case of a Rule 144A Global Note, if DTC (a) notifies the Issuer that it is unwilling or unable to continue as depository for such Global Notes or (b) has ceased to be a clearing agency registered under the Exchange Act and, in either case, the Issuer fails to appoint a successor depository;

- (2) in the case of a Regulation S Global Note, if DTC notifies the Issuer that it is unwilling or unable to continue as depository for such Global Notes, and the Issuer has failed to appoint a qualified successor; or
- (3) if there has occurred and is continuing a default or event of default with respect to the Notes. In addition, Book-Entry Interests in a Global Note may be exchanged for Certificated Notes upon prior written notice given to the Trustee by or on behalf of DTC in accordance with the Indenture. In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depository (in accordance with its customary procedures) and will bear the restrictive legend referred to in “*Notice to Investors*”, unless that legend is not required by applicable law.

Information Concerning DTC

All Book-Entry Interests will be subject to the operations and procedures of DTC, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuer nor the Initial Purchasers are responsible for those operations or procedures. The Issuer and the Guarantors understand as follows with respect to DTC:

DTC is:

- a limited purpose trust company organised under New York Banking Law;
- a “banking organisation” under New York Banking Law;
- a member of the Federal Reserve System;
- a “clearing corporation” within the meaning of the New York Uniform Commercial Code; and
- a “clearing agency” registered under Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of transactions among its participants. It does this through electronic book-entry changes in the accounts of securities participants, eliminating the need for physical movement of securities certificates. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC’s owners are the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. and a number of its direct participants. Others, such as banks, brokers and dealers and trust companies that clear through or maintain a custodial relationship with a direct participant also have access to the DTC system and are known as indirect participants.

Global Clearance and Settlement under the Book-Entry System

The notes represented by the Global Notes are to be admitted to trading on the International Securities Market of the London Stock Exchange. The Global Notes are expected to trade in DTC’s Same-Day Funds Settlement System, and any permitted secondary market trading activity in the Notes will, therefore, be required by DTC to be settled in immediately available funds. Subject to compliance with the transfer restrictions applicable to the Global Notes, cross-market transfers between participants in DTC will be done through DTC in accordance with its rules.

The Book-Entry Interests will trade through participants of DTC and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser’s and the seller’s accounts are located to ensure that settlement can be made on the desired value date. Although DTC currently follows the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in DTC as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Trustee, the Registrar, the Transfer Agent or the Paying Agent or any of their respective agents will have any responsibility for the performance by DTC or its respective participants or indirect participants, of its respective obligations under the rules and procedures governing their operations.

TAX CONSIDERATIONS

The following is a summary of certain tax consequences of the Offering and is intended as general information only. It does not purport to be a complete analysis of all tax considerations relating to the Notes. In particular, this description does not consider any specific facts or circumstances that may apply to a particular purchaser. This description is based on the laws of the United States of America currently in force and as applied on the date of this Offering Memorandum, which are subject to change, possibly with retroactive or retrospective effect.

PROSPECTIVE PURCHASERS OF NOTES SHOULD CONSULT THEIR TAX ADVISERS AS TO THE CONSEQUENCES, UNDER THE TAX LAWS OF THE COUNTRY IN WHICH THEY ARE RESIDENT FOR TAX PURPOSES AND UNDER THE TAX LAWS OF THE NETHERLANDS, THE UNITED STATES OF AMERICA AND THE UNITED KINGDOM OF ACQUIRING, HOLDING AND DISPOSING OF NOTES AND RECEIVING PAYMENTS OF PRINCIPAL, INTEREST AND OTHER AMOUNTS UNDER THE NOTES. THE INFORMATION CONTAINED WITHIN THIS SECTION IS LIMITED TO TAXATION ISSUES, AND PROSPECTIVE INVESTORS SHOULD NOT APPLY ANY INFORMATION SET OUT BELOW TO OTHER AREAS; INCLUDING (BUT NOT LIMITED TO) THE LEGALITY OF TRANSACTIONS INVOLVING THE NOTES.

Certain U.S. Federal Income Tax Considerations

The following discussion is a summary based on present law of certain U.S. federal income tax considerations relevant to the purchase, ownership and disposition of Notes. This discussion addresses only U.S. Holders (as defined below) and Non-U.S. Holders (as defined below) who purchase Notes in the Offering at the original “issue price” (as defined below) and hold Notes as capital assets. This discussion addresses only U.S. Holders that use the U.S. dollar as their functional currency. This discussion is not a complete description of all U.S. federal tax considerations relating to the purchase, ownership and disposition of Notes and is not a substitute for tax advice. It does not address all of the tax consequences that may be relevant in light of a holder’s particular circumstances, including tax consequences that may be applicable to prospective investors subject to special rules, such as banks and certain other financial institutions, dealers in securities or currencies, traders that elect to mark-to-market, insurance companies, regulated investment companies, real estate investment trusts, investors liable for the alternative minimum tax, investors required to take certain amounts into income no later than the time such amounts are reflected on their audited financial statements, certain U.S. expatriates, tax-exempt entities, pass-through entities, including partnerships and S-corporations, or persons holding Notes as part of a hedge, straddle, conversion, constructive sale or other integrated financial transaction. It also does not address the tax treatment of U.S. Holders that will hold Notes in connection with a permanent establishment or fixed base outside of the United States. It does not consider U.S. federal taxes other than the income tax (such as the Medicare surtax on net investment income or estate or gift taxes) or U.S. state or local tax or non-U.S. tax considerations.

For purposes of this discussion, a “U.S. Holder” is a beneficial owner of a Note that is, for purposes of U.S. federal income taxation, (i) a citizen or individual resident of the United States, (ii) a corporation or other entity taxable as a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia, (iii) a trust subject to the control of a U.S. person and the primary supervision of a U.S. court or (iv) an estate the income of which is subject to U.S. federal income taxation regardless of its source. A “Non-U.S. Holder” means a beneficial owner of a Note that is not a U.S. Holder or a partnership (or an entity or arrangement treated as a partnership for U.S. federal income tax purposes).

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that acquires, holds and disposes of Notes generally will depend on the status of the partner and the activities of the partnership. Partnerships are urged to consult their own tax advisers regarding the specific tax consequences to their partners of purchasing, owning and disposing of Notes.

U.S. Holders

Characterization of the Notes

The Notes provide for contingent payments in certain circumstances (see “*Description of the Notes—Repurchase upon a Change of Control Triggering Event*”). The rules applicable to debt instruments with payment contingencies are unclear. In general, if the amount or timing of any payment on a debt instrument is contingent and the amount is not incidental or the contingency is not remote, the debt instrument could be subject to special rules that apply to contingent payment debt instruments (“CPDIs”). The Issuer is obligated to offer to repurchase the Notes at a price above par upon the occurrence of a Change of Control. The Issuer intends to take the position, to the extent it may be required to do so, that the likelihood of the occurrence of such events is remote and that, therefore, the Notes are not CPDIs. The Issuer’s determination is binding on a U.S. Holder unless such holder discloses that it is taking a contrary position on a statement attached to its tax return in the manner required by applicable U.S. Treasury regulations. The Issuer’s determination is not, however, binding on the U.S. Internal

Revenue Service (“IRS”), and if the IRS were successfully to assert, and a court were to sustain, a contrary position, the Notes would be treated as issued with original issue discount (“OID”) so that a U.S. Holder may be required to accrue OID on the Notes prior to receipt of or in excess of their yield to maturity and gain realized on a sale or other taxable disposition of the Notes would be treated as ordinary income rather than as capital gain.

Notwithstanding the discussion in the preceding paragraph, if the Issuer has an unconditional option to redeem a Note, the option will be presumed to be exercised if, utilizing an early redemption or repurchase date and the amount payable on such date, the yield on the Note would be lower than its yield to stated maturity. A determination of the payment schedule most likely to occur is binding upon all U.S. Holders of the Note except for a U.S. Holder that explicitly discloses on its U.S. federal income tax return for the taxable year in which it acquired the Note that it has determined the yield and maturity of the Note on a different basis. If the option is not exercised when presumed to be exercised, for purposes of computing future accruals of OID, the Note would be treated as if it were repurchased or redeemed and a new Note were issued on the presumed exercise date for an amount equal to the Note’s adjusted issue price on that date.

The remainder of this discussion assumes that the Notes will not be treated as CPDIs. Prospective purchasers of the Notes should consult their own tax advisors regarding the treatment of the Notes as CPDIs.

Stated Interest

Payments of stated interest on the Notes (including any tax withheld therefrom and additional amounts paid in respect of such withholding) generally will be includible in the gross income of a U.S. Holder in accordance with its regular method of tax accounting for U.S. federal income tax purposes and generally will be U.S. source ordinary income.

Original Issue Discount (OID)

If the stated principal amount of the Notes exceeds their “issue price” by an amount at least equal to a statutorily defined *de minimis* amount (generally, $\frac{1}{4}$ of 1% of the principal amount of the Notes multiplied by the number of complete years to maturity from their original issue date), then the Notes will be considered to have been issued with OID for U.S. federal income tax purposes in an amount equal to such excess. The “issue price” of a Note generally is equal to the first price at which a substantial amount of the Notes are sold for cash, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers.

If the Notes are issued with OID, then, in addition to the stated interest on a Note, a U.S. Holder will be required to include such OID in gross income (as ordinary income) as it accrues on a constant yield basis for U.S. federal income tax purposes in advance of the receipt of cash payments to which such OID is attributable and regardless of such U.S. Holder’s regular method of accounting for U.S. federal income tax purposes. The amount of OID includible in gross income for a taxable year will be the sum of the daily portions of OID with respect to the note for each day during that taxable year on which the U.S. holder holds the Note. The daily portion is determined by allocating to each day in an “accrual period” (generally the period between interest payment dates or compounding dates) a pro rata portion of the OID allocable to that accrual period. The OID allocable to any accrual period will equal the product of the “adjusted issue price” of the Note as of the beginning of such period and the Note’s yield to maturity (adjusted to reflect the length of the accrual period), less the stated interest allocable to the accrual period. The “adjusted issue price” of a Note as of the beginning of any accrual period will equal its issue price, increased by previously accrued OID. The yield to maturity of the Notes generally is the discount rate that, when applied to all payments to be made under the Notes, produces a present value equal to the issue price of the Notes.

A U.S. Holder will not be required to recognize any additional income upon the receipt of any cash payment on a Note that is attributable to previously accrued OID. A U.S. Holder generally may irrevocably elect to treat all interest on the U.S. Holder’s Notes as OID and calculate the amount includible in income using a constant yield method.

Sale, Exchange, Redemption, Retirement or other Taxable Disposition

A U.S. Holder generally will recognize gain or loss on the sale, exchange, redemption, retirement or other taxable disposition of a Note in an amount equal to the difference between the U.S. dollar value of the amount realized (less any accrued but unpaid interest, which will be taxable as ordinary interest income to the extent not previously included in income) and the U.S. Holder’s adjusted tax basis in the Note. A U.S. Holder’s adjusted tax basis in a

Note generally will be the amount paid to acquire the Note, increased by accrued OID (if any) and less the amount of any payments previously received by the holder (other than payments of stated interest).

Gain or loss on disposition of a Note generally will be from U.S. sources and will be capital gain or loss. Any capital gain or loss will be long-term capital gain or loss if the U.S. Holder has held the Note for more than one year. The long-term capital gains of non-corporate U.S. Holders may be taxed at lower rates. Deductions for capital losses are subject to limitations.

Non-U.S. Holders

The following discussion is a summary of U.S. federal income tax consequences relevant to a Non-U.S. Holder (as defined above).

Withholding Tax

Subject to the discussion below under “—*FATCA Withholding*”, interest (and any OID) paid to a Non-U.S. Holder on a Note generally will be exempt from U.S. withholding tax if (i) the Non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of all classes of voting stock of the Issuer, (ii) the Non-U.S. Holder is not a controlled foreign corporation related to the Issuer, (iii) the Non-U.S. Holder is not treated as a bank holding the Note as an extension of credit in the ordinary course of its banking business for U.S. federal income tax purposes, (iv) payments on the Note are not contingent interest ineligible for the portfolio interest exemption from U.S. withholding tax (generally interest determined by reference to income, profits, cash flow, sales, dividends or other similar attributes of the Issuer or any related person) and (v) the Non-U.S. Holder has furnished to the applicable withholding agent a complete IRS withholding form (generally, an applicable IRS Form W-8) upon which the Non-U.S. Holder certifies, under penalties of perjury, that it is not a United States person. If a Non-U.S. Holder does not satisfy the requirements described above, then, subject to the discussion below under “—*Net Income Tax*”, interest (and any OID) paid to a Non-U.S. Holder on a Note generally will be subject to U.S. withholding tax at a rate of 30% or such lower rate as may be specified by an applicable income treaty, provided the Non-U.S. Holder satisfies applicable certification requirements establishing its eligibility for such lower rate, generally by providing the applicable withholding agent with a properly executed IRS Form W-8BEN or IRS Form W-8BEN-E (or other applicable form) claiming an exemption from or reduction in withholding under an applicable income tax treaty.

Sale, Exchange, Redemption, Retirement or other Taxable Disposition

Subject to the discussion below under “—*Information Reporting and Backup Withholding*”, gain realized by a Non-U.S. Holder on the sale, exchange, redemption, retirement or other taxable disposition of a Note generally will not be subject to U.S. withholding tax or income tax (other than with respect to payments attributable to accrued interest (or OID), which will be taxed as described under “—*Non-U.S. Holders—Withholding Tax*” above) unless (i) the gain is effectively connected with such holder’s conduct of a trade or business within the United States (as discussed below under “—*Net Income Tax*”) or (ii) the holder is an individual present in the United States for at least 183 days during the taxable year of disposition and certain other conditions are met, in which case, unless an applicable income tax treaty provides otherwise, such gain (which may be offset by certain U.S. source losses, provided that the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses) generally will be subject to a 30% U.S. federal income tax.

Net Income Tax

The preceding discussion of the U.S. federal income and withholding tax considerations of the ownership or disposition of Notes by a Non-U.S. Holder assumes that the Non-U.S. Holder is not engaged in a U.S. trade or business. If a Non-U.S. Holder is engaged in a trade or business within the United States, interest (and any OID) paid to the holder on a Note or gain realized by the holder on the disposition of a Note generally will be subject to U.S. federal income tax on a net income basis, in the same manner as if the holder were a U.S. Holder, if such interest (or OID) or gain is effectively connected with such holder’s conduct of that U.S. trade or business (and, if required by an applicable income tax treaty applies, is attributable to such holder’s U.S. permanent establishment). Any such effectively connected interest on a Note generally will be exempt from U.S. withholding tax if the Non-U.S. Holder satisfies applicable certification requirements (generally, by providing a properly completed and executed IRS Form W-8ECI, or any successor form as the IRS designates, as applicable, prior to payment). In addition, a Non-U.S. Holder that is a corporation may be subject to a branch profits tax equal to 30%

(or a lower applicable income tax treaty rate) of its effectively connected earnings and profits, subject to adjustments.

FATCA Withholding

Payments to a Non-U.S. Holder of interest (including OID, if any) on a Note generally will be subject to a 30% gross basis withholding tax in the case of interest paid to a “foreign financial institution” or a “foreign non-financial entity” within the meaning of Sections 1471 through to 1474 of the U.S. Internal Revenue Code and regulations and other guidance promulgated thereunder (collectively “FATCA”), unless certain procedural requirements are satisfied and certain information is provided to the IRS or such Non-U.S. Holder complies with certain requirements under laws, regulations or other guidance implementing an intergovernmental agreement between the United States and such Non-U.S. Holder’s home jurisdiction, and certain information is provided to the tax authorities in the Non-U.S. Holder’s home jurisdiction. Under proposed U.S. Treasury Regulations upon which a Non-U.S. Holder may rely until final U.S. Treasury Regulations are issued, payments of gross proceeds from the sale, retirement or other disposition of a Note will not be subject to FATCA withholding. Non-U.S. Holders are urged to consult with their tax advisors regarding the application of FATCA to their ownership of the Notes. The FATCA withholding tax will apply to all withholdable payments without regard to whether the beneficial owner of the payment would otherwise be entitled to an exemption from imposition of withholding tax pursuant to an applicable tax treaty with the United States or U.S. domestic law. If amounts are withheld under FATCA, holder that are otherwise eligible for an exemption from, or reduction of, U.S. federal withholding taxes with respect to such interest or proceeds will be required to seek a credit or refund from the IRS to obtain the benefit of such exemption or reduction, if any.

Information Reporting and Backup Withholding

U.S. Holders

Payments of interest (and any OID) and proceeds from the sale, retirement, redemption or other taxable disposition of a Note will be reported to the IRS unless the U.S. Holder is a corporation or otherwise establishes a basis for exemption. Backup withholding may apply to amounts subject to reporting if a U.S. Holder fails to provide an accurate taxpayer identification number or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Backup withholding is not an additional tax and a U.S. Holder can claim a credit against its U.S. federal income tax liability for the amount of any backup withholding and a refund of any excess, provided that such U.S. Holder timely furnishes the required information to the IRS.

Non-U.S. Holders

Payments of interest (and any OID) and proceeds from the sale, retirement, redemption or other taxable disposition of a Note may be reported to the IRS unless the Non-U.S. Holder is a corporation or otherwise establishes a basis for exemption (generally by providing an applicable IRS Form W-8). Backup withholding may apply to payments subject to information reporting other than payments made and received outside of the United States of the proceeds of a sale of a Note effected by a broker at an office outside the United States unless such broker has certain relationships with the United States or the proceeds are paid into an account maintained by the Non-U.S. Holder in the United States or mailed to at an address in the United States. Backup withholding is not an additional tax. A Non-U.S. Holder can claim a credit against its U.S. federal income tax liability, if any, for the amount of any backup withholding and a refund of any excess, provided that such Non-U.S. Holder timely furnishes the required information to the IRS.

Certain Other Non-US Tax Considerations

Payment by a Guarantor

If a Guarantor of the Notes makes any payments in respect of interest (and any OID) on a Note, it is possible that such payments may be subject to withholding tax at applicable rates subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply. It is not certain that such payments by the Guarantor will be eligible for exemption from withholding tax.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE

TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE NOTES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

INSOLVENCY LAW AND LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF GUARANTEES

The following is a summary of certain insolvency and other legal considerations in the jurisdictions in which the Issuer and the Guarantors are incorporated, and a summary of certain limitations on the validity and enforceability of the Guarantees. The description is only a summary and does not purport to be complete or to discuss all of the limitations or considerations that may affect the validity or enforceability of the Notes or the Guarantees. In addition, the laws of more than one jurisdiction could potentially apply in respect of certain matters and laws in multiple jurisdictions could result in disputes over which jurisdiction's law should apply, which could adversely affect your rights and your ability to enforce your rights and collect payment in full under the Notes or the Guarantees. Prospective investors in the Notes should consult their own legal advisors with respect to all such limitations and considerations.

In the event that the Issuer and/or the Guarantors experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings will be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations of the Issuer and the Guarantors. The insolvency, administration and other laws of the jurisdictions in which the respective companies are organised or operate may be materially different from, or conflict with, each other and there is no assurance as to how the insolvency laws of the potentially involved jurisdictions will be applied in relation to one another.

England and Wales

Certain of the Guarantors are companies incorporated under the laws of England and Wales (together with any future guarantors incorporated in England and Wales, the “UK Guarantors” and each a “UK Guarantor”). Those Guarantors’ registered offices are also located in England and Wales. Therefore, any insolvency proceedings in respect of such Guarantors would likely be commenced in England and Wales, and conducted in accordance with the requirements of English insolvency laws in force at the time of commencement of the relevant proceedings. The scope of the English courts’ jurisdiction varies for the different insolvency (and restructuring) proceedings available in England and Wales, further detail is set out below. To the extent that any of the UK Guarantors has any assets and/or creditors in any overseas jurisdictions and enters into insolvency proceedings in England and Wales, recognition of those proceedings in such other jurisdictions is likely to be a relevant consideration. Such recognition would be a matter for the private international law of the relevant jurisdictions.

However, insolvency proceedings in relation to the UK Guarantors could also be opened in a country other than England and Wales in circumstances dictated by the domestic local rules of the jurisdiction in which those insolvency proceedings were to be commenced. By way of example, where a debtor has its EIR COMI in a member state of the EU, then (and subject to certain exceptions), insolvency proceedings in relation to that debtor could be opened in the relevant EU member state and be subject to the laws of that EU member state (other than Denmark).

If insolvency proceedings were to be opened in a place other than England and Wales such proceedings could be in parallel to proceedings opened in England and Wales. Such foreign proceedings would not benefit from automatic recognition in England, although the foreign officeholder could apply under the Model Law Regulations (see below), which provide that foreign insolvency proceedings may be recognised in England where a company has its centre of main interest (as that concept is used in the Model Law Regulations) or an “establishment” (being a place of operations where it carries out a non-transitory economic activity with human means and assets) in such foreign jurisdiction (see – “Cross Border Insolvency Regulations 2006” below). It is therefore not possible to say with certainty where insolvency proceedings will be brought.

Cross-Border Insolvency Regulations 2006

The Cross-Border Insolvency Regulations 2006 (the “Model Law Regulations”) provide that the UNCITRAL Model Law on Cross Border Insolvency (the “Model Law”) has the force of law in Great Britain, subject to certain modifications. For current purposes, the relevance of the Model Law Regulations is in allowing assistance to be sought in Great Britain by a foreign court or a foreign representative in connection with foreign insolvency proceedings. This may be relevant to the extent that the UK Guarantors have non-UK assets and/or foreign creditors which may be subject to foreign proceedings or to the extent that any of the non-UK Guarantors which may be subject to foreign proceedings have a UK presence.

The Model Law Regulations provide for the recognition of two types of foreign insolvency proceedings (defined to be collective judicial or administrative proceedings in a foreign state, including an interim proceeding pursuant to a law relating to insolvency in which proceeding the assets and affairs of the company are subject to control or supervision by a foreign court, for the purpose of reorganisation or liquidation): (i) “foreign main proceedings”, which can be opened in the state in which the company has its “centre of main interests” (which is subject to a

rebuttable presumption that the company's registered office is the centre of the company's main interests and it should be noted that the "centre of main interests" for the purposes of the Model Law Regulations may be different from the "centre of main interests" of an entity for the purposes of the EU Regulation on Insolvency Proceedings); and (ii) "*foreign non-main proceedings*", which can be opened in the state in which the company possesses an "establishment" (defined as any place of operations where the company carries out a non-transitory economic activity with human means and assets or services).

A foreign representative (defined to be a person or body, including one appointed on an interim basis, authorised in a foreign proceeding to administer the reorganisation or the liquidation of the company's assets or affairs or to act as a representative of the foreign proceeding) appointed in a foreign main proceeding or foreign non-main proceeding is entitled to apply to commence a proceeding under British insolvency law (as defined in the Model Law Regulations) if the conditions for commencing such a proceeding are otherwise met.

A foreign representative may apply to the court for recognition of the foreign proceeding in which the foreign representative has been appointed. From the time of filing of such an application until the time the application is decided upon, the court may, at the request of the foreign representative and where relief is urgently needed to protect the assets of the company or the interests of the creditors, grant relief of a provisional nature. Such relief may include staying execution against the company's assets, entrusting the administration or realisation of all or part of the company's assets located in Great Britain to the foreign representative or another person designated by the court, suspending the right to transfer, encumber or otherwise dispose of any assets of the company, providing for the examination of witnesses, the taking of evidence or the delivery of information concerning the company's assets, affairs, rights, obligations or liabilities and the granting of any additional relief that may be available to a British insolvency officeholder (as defined in the Model Law Regulations) under the law of Great Britain, including any relief provided under paragraph 43 of Schedule B1 to the Insolvency Act 1986 (the "IA86").

Upon recognition of a foreign main proceeding, commencement or continuation of individual actions or individual proceedings concerning the company's assets, rights, obligations or liabilities and execution against the company's assets are stayed and the right to transfer, encumber or otherwise dispose of any assets of the company is suspended. Any such stay and suspension does not affect any right to take any steps to enforce security over the company's property or of a creditor to set off its claim against a claim of the company, provided that such right would have been exercisable if the company had been made the subject of a winding-up order under the IA86.

Upon recognition of a foreign proceeding, whether main or non-main, where necessary to protect the assets of the company or the interests of the creditors the court may, at the request of the foreign representative, grant any appropriate relief. This may include, without limitation, staying the commencement or continuation of individual actions or individual proceedings concerning the company's assets, rights, obligations or liabilities, staying execution against the company's assets, suspending the right to transfer, encumber or otherwise dispose of any assets of the company (this is not automatic for a foreign "non-main" proceeding), providing for the examination of witnesses, the taking of evidence or the delivery of information concerning the company's assets, affairs, rights, obligations or liabilities entrusting the administration or realisation of all or part of the company's assets located in Great Britain to the foreign representative or another person designated by the court, extending relief of a provisional nature previously granted and the granting of any additional relief that may be available to a British insolvency officeholder under the law of Great Britain, including any relief provided under paragraph 43 of Schedule B1 to the IA86.

In addition, upon recognition of a foreign proceeding, the foreign representative has standing to make an application to the court for an order under or in connection with sections 238, 239, 244, 245 and 423 of the IA86 (see below at "*Antecedent Transaction Laws*"). For such purpose, certain time periods and notice periods specified in such sections shall be determined by reference to the date of the opening of the foreign proceeding or the date on which a person has notice of the opening of the relevant foreign proceedings as provided in the Model Law Regulations. Where such an application is made, then those sections (together with ancillary sections of the IA86 relating thereto) shall apply whether or not the company is being wound-up or is in administration under British insolvency law.

Apart from the statutory regimes, the English courts may provide assistance under the common law to a foreign court or insolvency officer, where requested to do so by such foreign court or insolvency officer.

The Insolvency Test

The IA86 has no test for or definition of insolvency per se but instead relies on the concept of a company's 'inability to pay its debts' as the keystone for many of its provisions. Pursuant to section 123 of the IA86, the circumstances in which a company is deemed unable to pay its debts include, among others, the following: (i) if a creditor to whom the company is indebted in a sum exceeding £750 then due has served a statutory demand on

the company requiring the company to pay the sum so due and the company has failed for three weeks to pay, secure or compound the sum to the reasonable satisfaction of the creditor; (ii) if it is proved to the satisfaction of the court that the company is unable to pay its debts as they fall due (“cash flow” basis); or (iii) if it is proved to the satisfaction of the court that the value of the company’s assets is less than the amount of its liabilities, taking into account its contingent and prospective liabilities (“balance sheet” basis).

Formal insolvency proceedings under the laws of England and Wales may be initiated in a number of ways and by different parties depending on the process (see below for further detail on each process).

Administration

A company can enter into administration if the company: (i) is registered under the Companies Act 2006 (“CA 2006”) in England and Wales or Scotland; (ii) is incorporated in an EEA State; (iii) is not incorporated in an EEA State but has its centre of main interests (as defined in the Insolvency (England and Wales) Rules 2016) (“COMI”) in an EU member state (other than Denmark) or in the UK; or (iv) has its COMI in an EU Member State (other than Denmark) and there is an establishment in the UK.

There are two distinct methods for placing a company into administration: (i) an application to court followed by a court order for administration (the ‘in-court route’); or (ii) the filing of certain forms with the court following which the administration takes effect (the ‘out-of-court route’). The in-court route is commenced by an application to court by the company itself, a majority of its directors, one or more of its creditors including contingent or prospective creditors and, where applicable, the Financial Conduct Authority or the Prudential Regulation Authority or certain other designated persons. The out-of-court method of appointment is available only to the directors, the company itself and the holder of a security interest known as a qualifying floating charge (not relevant here as the Notes are unsecured). No physical court hearing is required and the administrator’s appointment takes effect when the court stamps receipt of the relevant forms.

When any person other than a holder of a qualifying floating charge makes an administration appointment (whether by the in-court or out-of-court route), it will be necessary to show that the company is, or is likely to become, unable to pay its debts (see “*The Insolvency Test*” above). Regardless of how an administrator is appointed, the administrator will need to consent to act as administrator and to state that, in his or her opinion, one of the following statutory objectives can be satisfied (the second objective can only be considered if the first objective is not reasonably practicable and similarly for the third objective): (i) to rescue the company (as distinct from the business carried on by the company) as a going concern (the “first objective”); (ii) to achieve a better result for creditors as a whole than would be likely if the company were wound up without first being in administration (the “second objective”); or (iii) to realise some or all of the company’s property to make a distribution to one or more secured or preferential creditors (see “*Statutory order of priorities*” below) (the “third objective”). An administrator must attempt to achieve the first objective of administration, unless he or she thinks either that it is not reasonably practicable to achieve the first objective, or that the second objective would achieve a better result for the company’s creditors as a whole. The administrator cannot pursue the third objective unless he or she thinks that it is not reasonably practicable to achieve either the first objective or the second objective and that it will not unnecessarily harm the interests of the creditors of the company as a whole to pursue the third objective. Subject to this, the administrator must perform his or her functions in the interests of the company’s creditors as a whole. In order to make an order, the court must be satisfied that it is reasonably likely that the administration will achieve one or more of these purposes.

An interim moratorium takes effect when an application to appoint an administrator is made or a notice of intention to appoint an administrator is filed at court. This becomes final once the company is in administration. Additionally, even where no interim moratorium was previously in effect, a company will nevertheless gain the benefit of the moratorium once in administration. The moratorium means, among other things, that no other legal process or proceedings may be commenced or continued against the company (creditors cannot enforce their claims against the company to recover debts, for example) and no step can be taken to enforce security over the company’s property, no administrative receiver can be appointed, no resolution can be passed for the winding-up of the company and, except in certain limited circumstances, no order can be made for the winding-up of the company (in each case except with the consent of the administrator or the permission of the court). This moratorium does not apply to financial collateral that has been created under a financial collateral arrangement within the meaning of the Financial Collateral Arrangements (No. 2) Regulations 2003 (SI 2003/3226) (as amended) (the “Financial Collateral Regulations”) (generally, such arrangements are in respect of cash or financial instruments, such as shares, bonds or tradable capital market debt instruments).

An administrator owes his or her duties to the creditors of the company as a whole. Upon appointment, an administrator takes control of the day-to-day running of the company and takes custody or control of all property to which the administrator thinks the company is entitled. He or she has broad powers to deal with the company and its assets, except in respect of assets which are subject to fixed charge security (where powers are more

restricted). An administrator's powers further extend to investigating why the company failed and, where appropriate, bringing actions against the directors or former directors or seeking to set aside certain transactions (see "*Antecedent Transaction Laws*" below in respect of the latter).

An administrator may make distributions to unsecured creditors with permission of the court and in doing so they will follow a statutory order of priority set out in legislation (see "*Statutory order of priorities*" below). The holders of the Notes would receive payment as unsecured creditors alongside other unsecured creditors based on a proof of debt the trustee of the Notes would submit on behalf of the holders of the Notes (i.e. the holders of the Notes would not receive any (further) interest/coupon payments or any payment on maturity set out in the terms of the Notes themselves).

An administration does not itself terminate any contracts (unless the terms of the contract expressly provide for this and subject to further detail and restrictions set out in "*Supplier Contracts*" below) and an administrator does not have the power to disclaim contracts (although he or she can choose to breach a contract if he or she considers it to be in the best interests of the creditors as a whole, in which case the resulting damages will generally rank as an unsecured debt – see "*Statutory order of priorities*" below).

Following the enactment of The Corporate Insolvency and Governance Act ("CIGA"), contractual terms providing for automatic termination or a right of termination by the counterparty upon the occurrence of an insolvency event (including administration) will generally be suspended for the duration of the relevant insolvency procedure (see "*Supplier Contracts*" below).

Liquidation/Winding-Up

Liquidation proceedings may be opened where: (i) the company is registered in England and Wales; (ii) the debtor's COMI is in the UK; or (iii) the debtor's COMI is in an EU member state (other than Denmark) and there is an establishment in the UK. The English courts can also open insolvency proceedings in respect of foreign companies as unregistered companies under section 221 of the IA86.

Liquidation is a terminal insolvency process pursuant to which the assets of a company are realised by the liquidator and the proceeds distributed to creditors in accordance with a statutory order of priority (see "*Statutory order of priorities*" below), with any surplus paid to the shareholders. Once the liquidator has completed this task, the company will be dissolved and removed from the register of companies.

There are two different types of liquidation: (i) compulsory; and (ii) voluntary, which is in turn divided into members' voluntary liquidation ("MVL") and creditors' voluntary liquidation ("CVL"). Compulsory liquidation is a court-based procedure initiated by the presentation of a winding-up petition, commonly but not exclusively on the grounds that the company is unable to pay its debts (see "*The Insolvency Test*"). Voluntary liquidations are initiated by the company out-of-court. A CVL is initiated by the shareholders but the process involves some degree of control by the creditors. The company may be solvent or insolvent. An MVL is a solvent voluntary liquidation that is controlled by the shareholders and, given that it requires that all creditors are paid in full, no further detail on MVLs is included here.

Regardless of how a liquidator is appointed, a liquidator owes his or her duties to the company and its creditors as a whole and has wide powers to do whatever is necessary for the conduct of the liquidation. This includes the power to: (i) agree, compromise and pay creditor claims; (ii) sell any of the company's property; (iii) bring or defend any legal proceedings on behalf of the company; (iv) disclaim onerous property or contracts in accordance with section 178 of the IA86; (v) bring actions against the directors or former directors; and (vi) bring actions to set aside certain transactions (see "*Antecedent Transaction Laws*" below in respect of the latter).

In a compulsory liquidation, under section 127 of the IA86, any disposition of the company's property, any transfer of the company's shares and any altering of the status of company members is void if made following the 'commencement of a winding up' unless the court orders otherwise (this means that the Issuer loses its ability to service its debt, for example, without the court's permission). The "commencement of a winding up" is deemed to have commenced on the petition date. Further, there is an automatic stay on proceedings being commenced or continued against the company or its property except with the permission of the court and subject to such terms as the court may impose although there is no freeze on the enforcement of security. In a voluntary liquidation, there is no such automatic stay although the court may, upon the application of the liquidator or any creditor, or contributory of the company, order a stay under its general discretionary power in section 112 of the IA86. Ordinary practice is to grant the stay on proceedings brought by a creditor in respect of a debt that is largely admitted and should be determined in the liquidation rather than through separate legal proceedings. This is important because it means secured creditors, for example, can go ahead and enforce their security.

A liquidator may make distributions to unsecured creditors and in doing so they will also follow the statutory order of priorities (see "*Statutory order of priorities*" below). The holders of the Notes would receive payment as

unsecured creditors alongside other unsecured creditors and based on a proof of debt the trustee of the Notes would submit on behalf of the holders of the Notes (i.e. the holders of the Notes would not receive any (further) interest/coupon payments or any payment on maturity set out in the terms of the Notes themselves).

A liquidation does not in itself terminate financial or commercial contracts, but a liquidator does have the power to disclaim onerous contracts and he or she can choose to breach a contract if he or she considers it to be in the best interests of the creditors as a whole, in which case the resulting damages will generally rank as an unsecured debt (see “*Statutory order of priorities*” below).

Restructuring procedures

As well as formal insolvency proceedings, there are various restructuring tools under the laws of England and Wales which a Guarantor may be subject to and which may adversely affect investors and their ability to enforce their rights relating to the Notes or the Guarantees. Some of these processes are under the CA 2006 (e.g. a scheme of arrangement and a restructuring plan) and some under the IA86 (e.g. a company voluntary arrangement). Each of these processes allows the company to reach a compromise or arrangement with its creditors (or certain classes of creditor) which, provided the relevant statutory requirements are met (which differ as between the different processes and as to which further detail is set out below), may be binding on all affected creditors regardless of whether or not they voted in favour of the compromise and regardless of the terms and approval thresholds contained in the finance documents. In certain circumstances, they can also result in the release of guarantees in order to ensure the effectiveness of the compromise.

These processes are available to English incorporated companies and are also available to foreign companies provided certain jurisdictional requirements are met (which differ as between the different processes and as to which further detail is set out below). Recognition of a restructuring procedure will be dependent on the relevant countries’ private international law rules and will need to be approached on a jurisdiction-by-jurisdiction basis. Where a contract is English law-governed, Regulation (EC) 593/2008 on the Law Applicable to Contractual Obligations (Rome I) continues to apply following the UK’s exit from the EU.

Schemes of arrangement

Pursuant to Part 26 of the CA 2006 the English courts have jurisdiction to sanction the compromise of a company’s liabilities between a company and its creditors (or any class of its creditors) where such company is liable to be wound-up under the IA86 (see “*Liquidation/Winding-Up*” above); and, in the context of a foreign company, all that is required is a “sufficient connection” to the English jurisdiction. A UK Guarantor may be able to pursue a scheme in respect of its financial liabilities. In practice, the “sufficient connection” test has been found to be satisfied where, amongst other things, the company’s COMI and Wales is in England, the company’s finance documents are English law-governed, or the company’s finance documents have been amended in accordance with their terms to be governed by English law. Ultimately, each case will be considered on its particular facts and circumstances so previous cases will not necessarily determine whether or not any of the grounds of the second limb are satisfied in the present case.

As stated above, recognition of an English scheme (commenced after 31 December 2020) in an EU member state will, in part, be dependent on the relevant countries’ private internal law rules. Where a contract is English law governed, Regulation (EC) 593/2008 on the Law Applicable to Contractual Obligations (“Rome I”) continues to apply following the UK’s exit from the EU.

Before the court considers the sanction of a scheme of arrangement at a hearing where the fairness and reasonableness of the scheme will be considered, affected creditors will vote on the proposed compromise in respect of their claims in a single class or in a number of classes, depending on the rights of such creditors that will be affected by the proposed scheme and any new rights that such creditors are given under the scheme. Such compromise can be proposed by the company or its creditors. If 75% or more by value and over 50% in number of those creditors present and voting at the creditor meeting(s) of each class vote in favour of the proposed compromise, irrespective of the terms and approval thresholds contained in the finance documents, that compromise will (subject to the sanction of the court) be binding on all affected creditors, including those affected creditors who did not participate in the vote on the scheme of arrangement and those who voted against the scheme of arrangement. In certain circumstances, a scheme of arrangement can also result in the release of guarantees in order to ensure the effectiveness of the compromise. The court has discretion as to whether to sanction the scheme as approved, make an order conditional upon modifications being made, or reject the scheme.

Restructuring plan

Pursuant to Part 26A of the CA 2006, the English courts have jurisdiction to sanction a compromise or arrangement (a “Restructuring Plan”) proposed between a company and its creditors and/or members (or any class of its creditors and/or members) in circumstances where the company has encountered, or is likely to encounter,

financial difficulties that affect, or will or may affect, its ability to carry on business as a going concern. The purpose of the Restructuring Plan must be to eliminate, reduce or prevent, or mitigate the effect of these financial difficulties. Similar to a scheme of arrangement, the Restructuring Plan procedure is open to any company liable to be wound up under the IA86 (i.e. a foreign company may use the procedure provided that certain conditions are met).

For a consensual plan (i.e. one where each class votes in favour) to be capable of being sanctioned by the court, the Restructuring Plan must be approved by 75% by value of creditors or members in each class present in person or by proxy and voting at each meeting convened to consider the Restructuring Plan (there is no majority by number test as is the case with a scheme of arrangement). The applicant may also apply to the court to exclude a class from voting if they have no genuine economic interest in the company. Unlike a scheme, if the Restructuring Plan is not approved by a number representing at least 75% in value of any class of creditors or members of the company present in person or by proxy and voting at the relevant plan meeting (the “Dissenting Class”), the Dissenting Class may be crammed down (i.e., their dissent may be overridden by the court and the plan may bind them regardless) provided that: (i) the court is satisfied that no members of the Dissenting Class would be any worse off under the Restructuring Plan than they would be in the most likely alternative scenario (in the court’s view) if the Restructuring Plan is not sanctioned (the ‘relevant alternative’) (“Condition A”); and (ii) the Restructuring Plan is agreed by 75% by value of a class of creditors or (as the case may be) members present in person or by proxy and voting at the relevant plan meeting who would receive a payment or have a genuine economic interest in the company in the event of the relevant alternative (“Condition B”). Even if these two Conditions are met, the court still has discretion as to whether to sanction the Restructuring Plan and will refuse to sanction if it is not ‘just and equitable’ to do so. If the Restructuring Plan is sanctioned, it will be binding on all affected parties, including those who did not participate in the vote on the Restructuring Plan and those who voted against the Restructuring Plan.

Restructuring moratorium

Pursuant to CIGA, a free-standing moratorium is available to protect certain companies, both UK and overseas if there is a sufficient connection with England, from creditor action for a specified period, granting a ‘payment holiday’ for ‘pre-moratorium debts’. Pre-moratorium debts are debts due prior to the moratorium coming into force or debts which become due during the moratorium if they relate to obligations incurred before the moratorium comes into force. The moratorium is similar in scope to that which applies in administration, preventing security enforcement and legal proceedings amongst other things. The moratorium is available for a limited initial period of 20 business days, subject to permitted extensions. Any extension beyond 40 business days will require the consent of the company’s pre-moratorium creditors (among other conditions) or the consent of the court. In order to be eligible for the moratorium a company must be or be likely to be unable to pay its debts and the moratorium must be likely to result in the rescue of the company as a going concern. The moratorium will be overseen by a licensed insolvency practitioner who will act as a monitor. The monitor will scrutinise the company for the duration of the moratorium, assessing whether it is likely that the moratorium will result in the rescue of the company as a going concern. The moratorium will be overseen by a licensed insolvency practitioner who will act as a monitor. However, there are broad exclusions including for companies which are party to a capital markets arrangement.

Company voluntary arrangements

Pursuant to Part I of the IA86, a company (by its directors or its administrator or liquidator as applicable) may propose a company voluntary arrangement to the company’s shareholders and creditors which entails a compromise, or other arrangement, between the company and its creditors. Provided that the proposal is approved by the requisite majority of creditors by way of a decision procedure, it will bind all unsecured creditors who were entitled to vote on the proposal (notwithstanding the terms and approval thresholds contained in the finance documents). A company voluntary arrangement cannot affect the right of a secured creditor to enforce its security, except with its consent.

A company is eligible to propose a company voluntary arrangement proposal if it is: (a) a company registered under the CA 2006 in England and Wales or Scotland; (b) a company incorporated in an EEA State; or (c) a company not incorporated in an EEA State but having its COMI in a member state other than Denmark or the UK; or (d) has its COMI in an EU member state (other than Denmark) but has an establishment in the UK.

In order for the company voluntary arrangement proposal to be passed, it must be approved by at least 75% (by value) of the company’s creditors who respond in the decision procedure, a majority (by value) of the company’s members and no more than 50% (by value) of unconnected creditors may vote against it. Secured debt cannot be voted in a company voluntary arrangement. However, a secured creditor may vote to the extent that it is under-secured.

Supplier contracts

One of the common challenges involved in using a formal process to rescue and restructure a company is that it can trigger termination or other consequences under supplier contracts. This makes the company vulnerable to ransom creditors. CIGA introduced provisions in order to supplement the existing essential supplier regime (see below) to help the continuation of supply of goods and services to companies in an insolvency process.

Essential suppliers

The essential supplier regime under sections 233 and 233A of the IA86: (i) prevents the suppliers from, where a company is subject to a qualifying form of insolvency procedure (including administration, liquidation and CVA) and a request is made by or with the concurrence of the insolvency officer holder for the giving, after the “effective date” that insolvency procedure commenced or the CVA took effect (as applicable), of any essential supplies, making it a condition of the giving of the supply, or doing anything which has the effect of making it a condition of the giving of the supply, that any outstanding charges in respect of a supply given to the company before the effective date are paid; and (ii) where a company enters administration or a CVA takes effect, subject to certain exceptions, compels continued supply by restricting the effect of existing insolvency-related terms in contracts for the supply of essential goods or services.

Essential goods and services include such things as water, gas, electricity, communications services, wi-fi and chip-and-pin devices.

Other suppliers

Section 233B of the IA86 says that (subject to certain exceptions), if a company is subject to a qualifying form of insolvency procedure (including the moratorium, CVA, administration and liquidation or where a court order is made summoning a meeting relating to a restructuring plan), (i) any provision of a supply contract which provides that the contract or supply would terminate, or any other thing would take place, or that the supplier would be entitled to terminate the contract or the supply or do any other thing (for example, change payment or supply terms) because the company becomes subject to the relevant insolvency procedure, will cease to have effect; (ii) suppliers will be unable to exercise any entitlement arising before the start of the insolvency period to terminate the contract or the supply because of an event occurring before the start of the insolvency period, for the duration of the insolvency period (which in some cases could be measured in years); and (iii) suppliers will be unable to impose ransoms by demanding payment of outstanding amounts in respect of pre-commencement supply as a condition of continuing supply.

Certain contracts involving financial services are excluded from the regime, including a capital market arrangement. In addition, certain types of entities (such as banks or insurance companies), whether such entities are the customer or the supplier, are excluded from this regime. Additionally, the regime does not apply to insolvency-related terms of a contract for the supply of essential goods or services which cease to have effect under section 233A of the IA86 (as described above).

Suppliers may still terminate contracts if: (i) they receive consent from the company or insolvency officeholder (where in office); or (ii) the court is satisfied that the continuation of the contract would cause the supplier hardship and grants permission for the termination of the contract. Supplier rights relating to events arising after the insolvency process begins are not affected.

Statutory order of priorities

A liquidator or administrator will need to comply with a set statutory order of priority when he or she distributes the proceeds of realised assets to a company’s creditors and, with the exception of the prescribed part (as described below), distributions generally cannot be made to a class of creditors until the claims of the creditors in a prior-ranking class have been paid in full. This statutory order of priority is broadly summarised as follows:

- (a) proceeds of realisations from assets subject to a fixed charge are paid to the fixed charge holder (less any costs of realisation);
- (b) any prescribed fees or expenses of the official receiver and moratorium debts and certain “priority pre-moratorium debts” in circumstances where a company has entered into a restructuring moratorium and subsequently entered into administration or liquidation within 12 weeks beginning with the day after the end of the moratorium;
- (c) expenses of the liquidation or the administration, which includes monies arising under a contract entered into by the administrator or liquidator, or any necessary disbursements made in the ordinary insolvency process;
- (d) ordinary preferential debts (these rank equally among themselves), which include (but are not limited to) debts owed by the insolvent company in relation to contributions to occupational and state pension schemes,

wages and salaries of employees for work done in the four months before the insolvency date, up to a maximum of £800 per person, holiday pay due to any employee whose contract has been terminated and bank and building society deposits eligible for compensation under the Financial Services Compensation Scheme (“FSCS”) up to the statutory limit;

- (e) secondary preferential debts (these rank equally among themselves), including bank and building society deposits eligible for compensation under the FSCS to the extent that the claims exceed the statutory limit, deposits made through a non-EEA branch of a credit institution that would otherwise have been eligible for FSCS compensation and claims by HMRC in respect of certain taxes including VAT, PAYE income tax (including student loan repayments), employee NI contributions and Construction Industry Scheme deductions (but excluding corporation tax and employer NI contributions) which are held by the company on behalf of employees and customers;
- (f) subject to certain exceptions, the prescribed part, which is a ring fenced amount of money that the administrator or liquidator must set aside from realisations from floating charge assets to distribute to unsecured creditors (after making full provision for preferential creditors and expenses out of floating charge realisations, and unless the cost of making the prescribed part available to unsecured creditors would be disproportionate to the resulting benefit to creditors) – calculated as 50% of the first £10,000 of net realisations and 20% of the net realisations thereafter, up to a maximum of £800,000 (except where the company’s net property is available to be distributed to the holder of a first-ranking floating charge created before 6 April 2020, in which case the maximum aggregate cap is £600,000);
- (g) proceeds of floating charge asset realisations (less any costs of realisation, the preferential debts and the prescribed part), according to the priority of the security;
- (h) provable debts of unsecured creditors (these rank equally among themselves unless there are subordination agreements in place between any of them) and any secured creditor to the extent of any unsecured shortfall, in each case including accrued and unpaid interest on those debts up to the date of commencement of the relevant insolvency proceedings;
- (i) statutory interest that arises on debts after the commencement of liquidation or after the commencement of an administration which has been converted into a distributing administration at the higher of the applicable contractual rate and the rate determined in accordance with the Judgments Act 1838 (currently 8% per annum); and
- (j) non-provable liabilities, being liabilities that do not fall within any of the categories above and which are therefore only recovered in the (unusual) event that all categories above are fully paid.

Any surplus following the repayment in full of creditor claims will be paid to the shareholders in accordance with the company’s articles of association. There are no equitable subordination provisions under English law, meaning that an unsecured shareholder loan ranks as a provable debt alongside other unsecured creditors and will not be subordinated by law.

Notwithstanding the above order of priority, subordinated creditors are ranked according to the terms of the subordination language in the relevant documentation.

Unless creditors have agreed otherwise, distributions are made on a *pari passu* basis, that is, the assets are distributed in proportion to the debts due to each creditor within a class.

Contractual setting-off arrangements entered into before a company enters liquidation or administration are only respected to the extent they fall within the definition of “mutual dealing” as applied by the mandatory insolvency set-off regime. This regime sees an account being taken of what is due from each party to the other in respect of their mutual dealings, and only the resulting net balance is either provable by the creditor in the administration or liquidation of the company (if amounts remain due to the creditor) or, conversely, is payable by the creditor to the company (if amounts remain due to the company).

Foreign currency risk

In administration or liquidation, any debt payable in a currency other than pounds sterling must be converted into pounds sterling at a single rate for each currency as determined by the administrator or liquidator by reference to the exchange rates prevailing on the date that the company went into administration or liquidation. This provision overrides any agreement between the parties. A creditor who considers that the rate determined by the officeholder is unreasonable may apply to the court. Accordingly, in the event that the Issuer or a Guarantor goes into liquidation or administration, holders of the Notes may be subject to exchange rate risk between the date on which the Issuer or such Guarantor went into liquidation or administration and the date of receipt of any amounts to which such holders of the Notes may become entitled (by way of a distribution in the liquidation or administration).

Post-petition interest

Any interest accruing under or in respect of amounts due under the Notes or any Guarantee to which an English company is a party (at the higher of the applicable contractual rate and the official rate) in respect of any period after the commencement of administration or liquidation proceedings would only be recoverable from any surplus remaining after payment of all other debts proved in the English company's insolvency proceedings and accrued and unpaid interest up to the date of the commencement of those proceedings.

Trust assets

Assets held on trust by the company for a third-party generally fall outside the insolvent estate that is available for distribution.

Antecedent Transaction Laws

There are five principal provisions of the IA86 under which transactions entered into prior to a company's insolvency are capable of being set aside. They are: (i) transactions at an undervalue (section 238); (ii) preferences (section 239); (iii) avoidance of certain floating charges (section 245) (not relevant here as the Notes are unsecured); (iv) transactions defrauding creditors (section 423); and (v) extortionate credit transactions (section 244).

These provisions all apply where the company has gone into liquidation or administration, with the exception of section 423 of the IA86 which applies regardless of whether the company is in insolvency proceedings. The granting of security or guarantees by a company could be subject to challenge under these provisions. The Issuer cannot be certain that, in the event that the onset of an English company's insolvency (as described below) is within any of the requisite time periods, any UK Guarantor's guarantee in respect of the Notes would not be challenged or that a court would uphold the transaction as valid.

Transactions at an undervalue

If a company goes into administration or liquidation and it has entered into a transaction at an undervalue, the court may, on the application of the insolvency officeholder, set the transaction aside. We note that section 118 of the Small Business, Enterprise and Employment Act 2015 (the "SBEEA") introduced section 246ZD to the IA86 from 1 October 2015 and provides that liquidators and administrators may assign the cause of action (including the proceeds of the cause of action) in respect of any transaction under section 238 of the IA86. Where a foreign officeholder has been granted recognition under the Model Law Regulations, he or she also has standing to bring a claim for a transaction at an undervalue.

A transaction will constitute a transaction at an undervalue if: (i) the transaction is at an undervalue (a gift or a transaction on terms that provide for the company to receive no consideration or a transaction for a consideration the value of which (in money or money's worth) is significantly less than the value (in money or money's worth) of the consideration provided by the company); (ii) the transaction took place within the relevant time (2 years before the onset of insolvency, being broadly the commencement of its liquidation or administration); and (iii) the company was at the time of the transaction, or became, as a result of the transaction, unable to pay its debts within the meaning of section 123 of the IA86 (although there is a rebuttable presumption that the company was unable to pay its debts at the time of the transaction if the transaction is made to a person connected to the company such as a shareholder or a director (a "connected person")).

The court will not make an order in respect of a transaction at an undervalue if it is satisfied that: (i) the company which entered into the transaction did so in good faith and for the purposes of carrying on its business; and (ii) when it did so, there were reasonable grounds for believing that the transaction would benefit the company.

If the court determines that the transaction was a transaction at an undervalue, the court can make such order as it thinks fit to restore the position to what it would have been in if the transaction had not been entered into. In any

proceedings, it is for the administrator or liquidator to demonstrate that the company was insolvent unless a beneficiary of the transaction was a connected person (as defined in the IA86, as amended), in which case there is a rebuttable presumption of insolvency.

Preferences

If a company goes into administration or liquidation and it has granted a preference the court may, on the application of the insolvency officeholder, set the transaction aside. We note that section 118 of the SBEEA introduced section 246ZD to the IA86 from 1 October 2015 and provides that liquidators and administrators may assign the cause of action (including the proceeds of the cause of action) in respect of any preference claim under section 239 of the IA86. Where a foreign officeholder has been granted recognition under the Model Law Regulations he or she also has standing to bring a preference claim.

A company gives a preference to a person if: (i) that person is one of the company's creditors, a surety or a guarantor for any of the company's debts or other liabilities; (ii) the company has done something, or has suffered something to be done which (in either case) has had the effect of putting that person into a position which, in the event that the company goes into insolvent liquidation, will be better than the position that person would have been in if that thing had not been done; (iii) the company was influenced in deciding to give the preference by a desire to put the creditor in a better position than that person would have been in if the thing had not been done or suffered to be done (this desire is rebuttably presumed in the case of connected persons); (iv) the preference was given within the relevant time (six months before the onset of the insolvency or two years before the onset of insolvency where the transaction is with a connected person); and (v) the company was at the time of the transaction, or became as a result of the transaction, unable to pay its debts within the meaning of section 123 of the IA86.

If the court determines that the transaction constituted such a preference, the court has very wide powers for restoring the position to what it would have been if that preference had not been given. However, for the court to do so, it must be shown that in deciding to give the preference the company was influenced by a desire to produce the preferential effect. In any proceedings, it is for the administrator or liquidator to demonstrate that the company was insolvent at the relevant time and that the company was influenced by a desire to produce the preferential effect, unless the beneficiary of the transaction was a connected person, in which case there is a rebuttable presumption that the company was influenced by a desire to produce the preferential effect.

The desire to prefer requires a "positive wish to improve the creditor's position in the event of the company's insolvent liquidation" (*Re Fairway Magazines Ltd* [1993] BCLC 643). A preferential effect for a creditor may be foreseen by the company without being desired. Where a company is influenced by "proper commercial considerations" there will be no desire to prefer and therefore no voidable preference (*Re MC Bacon* [1990] BCLC 324).

Transactions defrauding creditors

A transaction entered into by a company can be set aside by the court if: (i) the transaction is at an undervalue (see above); and (ii) it was entered into for the purpose of putting assets beyond the reach of a person who is making or may make a claim against the company or otherwise prejudicing that person's interests in relation to the claim which that person is making or may make.

It is not necessary for the company to be in insolvency proceedings and unlike a transaction at an undervalue or a preference, the claim is not restricted to the officeholder and can be made by, subject to certain conditions, the Financial Conduct Authority, the Prudential Regulation Authority and the UK Pensions Regulator. The victim of the transaction can apply to court to set aside a transaction. A foreign officeholder recognised under the Model Law Regulations also has standing to apply to court. The IA86 also does not prescribe a set time limit within which to bring the action (subject to the normal statutory limitation periods). The fact that the transaction was not entered into with a dishonest motive is no defence to the claim. It will suffice that the company's subjective purpose was to place the assets out of the reach of creditors or a particular creditor. There is no need to show that the intention was the sole purpose and a substantial purpose is likely to suffice.

If the court determines that the transaction was a transaction defrauding creditors, the court can make such orders as it thinks fit to restore the position to what it would have been if the transaction had not been entered into and to protect the interests of the victims of the transaction. The relevant court order may affect the property of, or impose any obligation on, any person, whether or not he is the person with whom the transaction was entered into. However, such an order will not prejudice any interest in property which was acquired from a person other than the debtor in good faith, for value and without notice of the relevant circumstances and will not require a person who received a benefit from the transaction in good faith, for value and without notice of the relevant circumstances, to pay any sum unless such person was a party to the transaction.

Extortionate credit transactions

If a company goes into administration or liquidation and it has entered into an extortionate credit transaction, the court may, on the application of the insolvency officeholder or a foreign officeholder recognised under the Model Law Regulations, set the transaction aside. We note that section 118 of the SBEEA introduced section 246ZD to the IA86 from 1 October 2015 and provides that liquidators and administrators may assign the cause of action (including the proceeds of the cause of action) in respect of any extortionate credit transaction claim under section 244 of the IA86.

A transaction is extortionate if, having regard to the risk accepted by the person providing the credit, either: (i) its terms require grossly exorbitant payments to be made (whether unconditionally or in certain contingencies) in respect of the provision of the credit; or (ii) it otherwise grossly contravenes ordinary principles of fair dealing.

The court can make an order in relation to extortionate credit transactions entered into by the company up to three years before the day on which the company entered into administration or went into liquidation (which is slightly different to the concept of the onset of insolvency used in relation to transactions at an undervalue and preferences).

Orders

In the case of any of the above applying and where a court order is required, the court has very wide statutory powers to make such orders as it thinks fit to restore the position to that which existed before the transaction was entered into.

Secondary Legislation

UK secondary legislation, such as the Financial Collateral Regulations, may be invalid and ineffective if, among other things, it is not enacted within the scope of the relevant primary statute or within the powers of the relevant rule-making authorities.

Corporate authorisations and maintenance of capital

The legality, validity and enforceability of the obligations of an obligor under the Notes and the Guarantees are subject to matters affecting companies generally, including that: (i) its entry into and performance of such obligations: (A) are not prohibited by its constitutional documents (or contracts to which it is party); and (B) have been duly authorised and do not breach or result in inconsistency with applicable laws or regulations; and (ii) the documents evidencing such obligations have been duly executed and delivered in accordance with all applicable procedures and laws. In addition, the granting of guarantees by an English company could be subject to challenge if it results in a reduction in that company's net assets as properly recorded in its books or, to the extent that it does, the company does not have sufficient distributable reserves to cover that reduction.

Enforcement

Enforcement of guarantees may be affected by general legal and equitable principles regarding the legality, validity and enforceability of contractual provisions and contractual obligations and liabilities (including guarantees).

Wrongful trading

If, in the course of an insolvent winding up or insolvent administration of a company, it appears that a person who is, or was, a director of the company knew or ought to have concluded at some point before the commencement of the liquidation or administration that there was no reasonable prospect that the company would avoid going into insolvent liquidation or insolvent administration, the liquidator or administrator of the company can seek a court declaration that the director make a contribution to the company's assets pursuant to the IA86.

Financial assistance

A liability (an "Acquisition Liability") incurred directly or indirectly for the purpose of an acquisition by any person of shares in an English company or in any holding company (within the meaning contained in section 1159 of the CA 2006) of that company, or the discharge or reduction of any Acquisition Liability or any liability incurred for the purpose of refinancing any liability that from time to time, directly or indirectly, refinances any such liability, could be subject to challenge if that incurrence, discharge or reduction is unlawful under section 678 or 679 of the CA 2006. These provisions apply to financial assistance (for example, guarantees or security) granted in connection with an acquisition of shares in an English company, if the English company providing the assistance is either a public company the shares in which are being acquired, a public or private company that is a subsidiary of the public company the shares in which are being acquired, or a public company that is a subsidiary of a private company the shares in which are being acquired.

Turnover trust

A turnover trust may be construed as creating a registrable charge under section 859A of the CA 2006, in which case it will be void in the circumstances set out in section 859H of the CA 2006, unless the prescribed statement of particulars, together with a certified copy of the agreement or instrument under which the turnover trust arises, are delivered to the Registrar of Companies in accordance with section 859A of the CA 2006 within 21 days after the date of creation of that charge (unless an order allowing an extended period is made under section 859F of the CA 2006).

Amendments

An English court may interpret restrictively any provision purporting to allow the beneficiary of a guarantee or other suretyship to make a material amendment to the obligations to which the guarantee or suretyship relates without further reference to the guarantor or surety.

Fetters on exercise of powers

A provision under which a company or other legal person agrees, or purports to agree, to fetter the exercise of its powers under its constitutional documents or any applicable law (or regulation) may not be enforceable against the company or other legal person.

.

CERTAIN ERISA AND BENEFIT PLAN CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the Notes (including any interest in a Note) by (i) employee benefit plans that are subject to Title I of the US Employee Retirement Income Security Act of 1974, as amended (“ERISA”), (ii) plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or provisions under any federal, state, local, non-US or other laws or regulations that are similar to such provisions of ERISA or the Code (“Similar Law”), and (iii) entities whose underlying assets are considered to include “plan assets,” pursuant to 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA, of such plans, accounts and arrangements (each, a “Plan”).

General fiduciary matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (a “Covered Plan”), and prohibit certain transactions involving the assets of a Covered Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such a Covered Plan or the management or disposition of the assets of such a Covered Plan, or who renders investment advice for a fee or other compensation to such a Covered Plan, is generally considered to be a fiduciary of the Covered Plan.

In considering an investment in the Notes of a portion of the assets of any Plan, a Plan fiduciary should determine, among other things, whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary’s duties to the Plan, including, without limitation, to the extent applicable, the prudence, diversification, delegation of control, conflicts of interest and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Law.

Each Plan should consider the fact that none of the Issuer, the guarantors, the initial purchasers or any of their respective affiliates will act as a fiduciary to any Plan with respect to decisions relating to an investment in the Notes pursuant to this offering and no such party is undertaking or will undertake to provide impartial investment advice, or to give advice in a fiduciary capacity, with respect to such decisions. The decision to acquire, hold and dispose of Notes (including any interest in a Note) must be made independently by each prospective Plan purchaser on an arm’s-length basis.

Prohibited transaction issues

Section 406 of ERISA and Section 4975 of the Code prohibit Covered Plans from engaging in specified transactions involving plan assets with persons or entities who are “parties in interest,” within the meaning of ERISA, or “disqualified persons,” within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the Covered Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. For example, the acquisition and/or holding of Notes (including any interest in a Note) by a Covered Plan with respect to which the Issuer, a guarantor or an initial purchaser or their affiliates may be considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the US Department of Labor has issued prohibited transaction class exemptions, or “PTCEs” that may, depending upon the circumstances, apply to the investment in the Notes. These potentially applicable class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide an exemption for transactions between a Covered Plan and a person that is a party in interest and/or a disqualified person (other than a fiduciary or an affiliate that, directly or indirectly, has or exercises discretionary authority or control or renders investment advice with respect to the assets involved in the transaction) solely by reason of providing services to the Covered Plan or by reason of a relationship to a service provider; *provided* that the Covered Plan receives no less, and pays no more, than adequate consideration in connection with the transaction. There can be no assurance that any such exemptions or any other exemptions would apply to all prohibited transactions that might occur, or that all of the conditions of any such exemptions or any other exemption will be satisfied, with respect to a Covered Plan’s investment in the Notes.

Because of the foregoing, the Notes and any interest in a Note may not be purchased or held by any person investing “plan assets” of any Plan, unless such purchase will not constitute a non-exempt prohibited transaction under ERISA or the Code or similar violation of any applicable Similar Law.

Representation

By its acceptance of the Notes (or any interest therein), each purchaser and holder thereof will be deemed to have represented and warranted that either (i) it is not, and is not acquiring and holding the Notes (or any interest therein) on behalf of or with the assets of, any Plan or (ii) the acquisition, holding and dispositions of the Notes (or any interest therein) by such purchaser or holder will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or similar violation under any applicable Similar Law, and, none of the Issuer, the guarantors, the initial purchasers nor any of their respective affiliates, representatives or agents has acted as such purchaser’s fiduciary in connection with the investment in the Notes pursuant to the offering described in this Offering Memorandum.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering investing in the Notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Law to such investment and whether one or more exemptions would be necessary and, if so, applicable to the investment in the Notes. Nothing in this Offering Memorandum constitutes advice that an investment in the Notes is recommended, advisable or appropriate for Plans generally or for any particular Plan. Each Plan fiduciary who is responsible for making the investment decisions whether to invest in the Notes has the exclusive responsibility for determining that the investment is appropriate for the Plan and that the investment in the Notes (or any interest in a Note) does not result in a prohibited transaction or otherwise violate, as applicable, the requirements of ERISA, the Code or applicable Similar Laws.

PLAN OF DISTRIBUTION

BofA Securities, Inc., J.P. Morgan Securities LLC, HSBC Securities (USA) Inc., NatWest Markets plc, Bank of China Limited, London Branch, BBVA Securities Inc., Citigroup Global Markets Inc., Crédit Industriel et Commercial S.A., Danske Markets Inc., Goldman Sachs Bank Europe SE, Mizuho Securities USA LLC and SEB Securities, Inc. are the Initial Purchasers. Subject to the terms and conditions set forth in the purchase agreement dated the date of the final Offering Memorandum among, *inter alios*, the Issuer, the Guarantors and the Initial Purchasers (the “Purchase Agreement”), the Issuer has agreed to sell to the Initial Purchasers, and each of the Initial Purchasers has agreed, severally and not jointly, to purchase from the Issuer the principal amount of Notes set forth in the Purchase Agreement.

Subject to the terms and conditions set forth in the Purchase Agreement, the Initial Purchasers have agreed, severally and not jointly, to purchase all of the Notes sold under the Purchase Agreement if any of the Notes are purchased. If an Initial Purchaser defaults, the Purchase Agreement provides that the purchase commitments of the non-defaulting Initial Purchasers may be increased or the Purchase Agreement may be terminated.

The Issuer has agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the Initial Purchasers may be required to make in respect of those liabilities.

The Initial Purchasers are offering the Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Notes, and other conditions contained in the Purchase Agreement, such as the receipt by the Initial Purchasers of officer’s certificates and legal opinions. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

The Initial Purchasers propose initially to offer the Notes at the offering price set forth on the cover page of this Offering Memorandum. After the initial offering of the Notes, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice. The Initial Purchasers may offer and sell the Notes in the United States through certain of their respective affiliates.

Notice to prospective investors in the UK

Each Initial Purchaser has represented, warranted and agreed with us in the Purchase Agreement that it has not offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a “retail investor” means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. The expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Each Initial Purchaser has represented, warranted and agreed in the Purchase Agreement that (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or any Guarantor; and (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

Notice to prospective investors in the EEA

Each Initial Purchaser has represented, warranted and agreed with us in the Purchase Agreement that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For these purposes, a “retail investor,” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. The expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United States

Each purchaser of Notes offered by this Offering Memorandum, in making its purchase, will be deemed to have made the acknowledgements, representations and agreements as described under “*Notice to Investors.*”

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except to persons reasonably believed to be qualified institutional buyers in reliance on Rule 144A or outside the United States in offshore transactions in reliance on Regulation S. Any offer or sale of Notes in the United States in reliance on Rule 144A will be made by broker-dealers who are registered as such under the Exchange Act. In addition, with respect to Notes initially sold pursuant to Regulation S, until 40 days following the later of the commencement of this Offering or the date the Notes are originally issued, an offer or sale of such Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act. Terms used above have the meanings given to them by Rule 144A and Regulation S. For a description of certain further restrictions on resale or transfer of the Notes, see “*Notice to Investors.*”

The Notes may not be offered to the public within any jurisdiction. By accepting delivery of this Offering Memorandum, you agree not to offer, sell, resell, transfer or deliver, directly or indirectly, any Note to the public.

New Issue of Securities

The Notes are a new issue of securities with no established trading market. The Issuer does not intend to apply for listing of the Notes on any U.S. securities exchange or for inclusion of the Notes on any automated dealer quotation system.

The Issuer has applied for the Notes to be admitted to trading on the International Securities Market of the London Stock Exchange; however, the Issuer cannot assure you that the Notes will be approved for admission or that such listing will be maintained. The Issuer cannot assure you that the prices at which the Notes will sell in the market after this Offering will not be lower than the initial offering price or that an active trading market for the Notes will continue after this Offering.

The Initial Purchasers have advised the Issuer that they currently intend to make a market in the Notes. However, they are not obligated to do so, and they may discontinue any market-making activities with respect to the Notes at any time without notice. In addition, market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act, and may be limited. Accordingly, the Issuer cannot assure you that you will be able to sell your Notes at a particular time or that the prices that you receive when you sell will be favourable.

No Sales of Similar Securities

In the Purchase Agreement, the Issuer and the Guarantors have agreed that no member of the Group nor any of their respective affiliates will, without first obtaining the prior written consent of the Initial Purchasers, offer, sell, contract to sell or otherwise dispose of, any debt securities issued or guaranteed by the Issuer or any of the Guarantors and having a tenor of more than one year (other than the Notes and the Guarantees), through and including the date falling thirty days after the date of the Purchase Agreement.

Price Stabilisation and Short Positions

In connection with the Offering, the Initial Purchasers (or persons acting on their behalf) may engage in transactions that stabilise the market price of the Notes. Such transactions consist of bids or purchases to peg, fix or maintain the price of the Notes. Purchases of a security to stabilise the price or to reduce a short position may cause the price of the security to be higher than it might be in the absence of such purchases.

In connection with the Offering, the Initial Purchasers may purchase and sell the Notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the Initial Purchasers of a greater principal amount of Notes than they are required to purchase in the Offering. The Initial Purchasers must close out any short position by purchasing the Notes in the open market. A short position is more likely to be created if the Initial Purchasers are concerned that there may be downward pressure on the price of the Notes in the open market after pricing that could adversely affect investors who purchase in the Offering.

Similar to other purchase transactions, the Initial Purchasers' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a decline in the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market.

None of the Issuer, the Guarantors, nor any of the Initial Purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, none of the Issuer, the Guarantors, nor any of the Initial Purchasers make any representation that the Initial Purchasers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Any stabilising action, if commenced, must end no later than 30 days after the date of the allotment of the Notes.

Extended Settlement

We expect to deliver the Notes against payment for the notes on or about 8 October 2025, the fifth business day following the date of the pricing of the Notes (such settlement being referred to as “T+5”). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in one business day, unless the parties to such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes prior to the first business day before the delivery of the Notes will be required to specify alternative settlement arrangements to prevent a failed settlement. Purchasers of the Notes who wish to trade Notes prior to their date of delivery hereunder should consult their own advisors.

Other Relationships

The Initial Purchasers or their respective affiliates have engaged in, and/or may in the future engage in, investment banking (which may include, without limitation, mergers, acquisitions, sales or disposals), financial advisory, commercial banking, cash management, trade finance, securities trading, investment management, investment research, hedging, brokerage, foreign exchange relationships and/or other commercial dealings in the ordinary course of business with the Issuer or its affiliates. In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer’s affiliates (including the Notes). If the Initial Purchasers or their affiliates have a lending relationship with the Issuer, its affiliates and/or subsidiaries, certain of those initial purchasers or their affiliates routinely hedge, certain of those initial purchasers or their affiliates are likely to hedge and certain of those initial purchasers or their affiliates may hedge their credit exposure to these entities consistent with their customary risk management policies. Typically, such Initial Purchaser and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities (including potentially the Notes). Any such credit default swaps or short positions could adversely affect future trading prices of Notes. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. Certain of the Initial Purchasers or certain of their affiliates have been appointed as arrangers, agents or lenders under the Facilities Agreement and therefore will receive a portion of the proceeds of the Offering of the Notes as a result of the prepayment of the Term Loan in full and prepayment of a portion of the Revolving Credit Facility. The Initial Purchasers and/or their affiliates may receive allocations of the Notes (subject to customary closing conditions), which could affect future trading of the Notes.

NOTICE TO INVESTORS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes and the Guarantees have not been and will not be registered under the Securities Act, or the securities laws of any other jurisdiction, and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or the securities laws of any other jurisdiction. Accordingly, the Notes offered hereby are being offered and sold only to persons reasonably believed to be qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A or in offshore transactions in reliance on Regulation S.

By your acceptance thereof, you will be deemed to have acknowledged, represented to and agreed with the Issuer and the Initial Purchasers as follows:

1. You understand and acknowledge that the Notes and the Guarantees have not been registered under the Securities Act or any other applicable securities laws and that the Notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraphs (4) and (5) below.
2. You are not the Issuer's "affiliate" (as defined in Rule 144 under the Securities Act) or acting on the Issuer or the Guarantors' behalf and either:
 - (a) you are a QIB, within the meaning of Rule 144A and are aware that any sale of these Notes to you will be made in reliance on Rule 144A, and such acquisition will be for your own account or for the account of another QIB; or
 - (b) you are purchasing the Notes in an offshore transaction in accordance with Regulation S
3. You acknowledge that none of the Issuer, the Guarantors, or the Initial Purchasers, nor any person representing any of them, has made any representation to you with respect to the Issuer or the Guarantors or the offer or sale of any of the Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that neither the Initial Purchasers nor any person representing the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this Offering Memorandum. You have had access to such financial and other information concerning the Issuer, the Guarantors and the Notes as you have deemed necessary in connection with your decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer, the Guarantors and the Initial Purchasers.
4. You are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act or the securities laws of any other jurisdiction, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within its or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the Securities Act.
5. You agree on your own behalf and on behalf of any investor account for which you are purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the "Resale Restriction Termination Date") that is one year (in the case of Rule 144A Note) after the later of the date of the original issue and the last date on which the Issuer or any of its affiliates was the owner of such Notes (or any predecessor thereto) only (i) to the Issuer, (ii) pursuant to a registration statement that has been declared effective under the Securities Act, (iii) for so long as the Notes are eligible pursuant to Rule 144A, to a person you reasonably believe is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S or (v) pursuant to any other available exemption from the registration requirements of the Securities Act; subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations; and further subject to the

Issuer's and the trustee's rights prior to any such offer, sale or transfer (I) pursuant to clauses (iv) and (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

6. Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

IN THE CASE OF RULE 144A NOTES: THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY), ONLY (A) TO THE ISSUER OR THE GUARANTORS, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (III) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

7. You agree that you will give to each person to whom you transfer the Notes notice of any restrictions on the transfer of such Notes.
8. With respect to Notes initially sold pursuant to Regulation S, you acknowledge that until 40 days after the later of the commencement of the Offering or the date the Notes are originally issued, any offer or sale of such Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act.
9. You acknowledge that the trustee will not be required to accept for registration or transfer any Notes acquired by you except upon presentation of evidence satisfactory to the Issuer and the trustee that the restrictions set forth therein have been complied with.

10. You acknowledge that the Issuer, the Guarantors, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations, warranties and agreements and agree that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by your purchase of the Notes are no longer accurate, it shall promptly notify the Initial Purchasers. If you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each such investor account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.
11. You understand that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under “Plan of Distribution.”

You acknowledge that this Offering Memorandum relates to an offering that is exempt from registration under the Securities Act and may not comply in important respects with SEC rules that would apply to an offering document relating to a public offering of securities.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for the Issuer and the Guarantors by Freshfields LLP with respect to English law, Freshfields US LLP with respect to U.S. federal, New York and Delaware law, and GableGotwals with respect to matters of Oklahoma law. Certain legal matters in connection with the Offering will be passed upon for the Initial Purchasers by Allen Overy Shearman Sterling LLP with respect to U.S. federal, New York and English law.

INDEPENDENT AUDITORS

The consolidated financial statements of the Group as at and for each of the years ended December 31, 2024, 2023 and 2022 included elsewhere in this Offering Memorandum were audited by Deloitte LLP, independent auditors, as stated in their reports appearing therein.

SERVICE OF PROCESS AND ENFORCEMENT OF JUDGMENTS

The following description is only a summary and does not purport to be complete or to discuss all of the limitations or considerations that may affect the ability to serve process and enforce judgments with respect to the Notes and the Guarantees. Prospective investors in the Notes should consult their own legal advisors with respect to such limitations and considerations.

The Issuer is established as a corporation incorporated under the laws of the state of Oklahoma. The Company is a listed company incorporated under the laws of England and Wales. Future guarantors may be organised under the laws of non-U.S. jurisdictions.

Most of the directors and officers of the Guarantors are non-residents of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or the Guarantors or their respective directors, officers and other executives or to enforce against them judgments of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws despite the fact that, pursuant to the terms of the Indenture, the Issuer has appointed, or will appoint, an agent for the service of process in New York.

In addition, as many of the Issuer's and the Guarantor's assets and the assets of their respective directors and executive officers are located outside of the United States, you may be unable to enforce against them or U.S. judgments obtained in the U.S. courts predicated on civil liability provisions of the federal securities laws of the United States. If a judgment is obtained in a U.S. court against the Issuer or the Guarantors, investors will need to enforce such judgment in jurisdictions where the relevant company has assets.

England

The following summary with respect to the enforceability of certain U.S. court judgments in England is based upon advice provided to the Group by the Company's English legal advisors. The U.S. and the United Kingdom currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment of a U.S. federal or state court, whether or not predicated solely upon U.S. federal securities law, will not automatically be recognised or directly enforceable in England but may be enforceable by separate action in accordance with English common law rules. In order to enforce any such U.S. judgment in England, proceedings must first be initiated before a court of competent jurisdiction in England. In such an action, the English court would not generally re-investigate the merits of a final and conclusive judgment of the U.S. court (subject to what is described below) and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no real prospect of a successful defence to it).

Recognition and enforcement of a U.S. judgment by an English court is conditional upon (among other things) the following:

- the U.S. court being recognised by the English court as having had jurisdiction over the original proceedings at the time they were served, and the party against whom judgment was given having properly submitted to the jurisdiction of the U.S. court (including by presence), according to English rules of the conflict of laws and private international law;
- the U.S. judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it (even though it may be subject to an appeal);
- the U.S. judgment not having been obtained by fraud or being in breach of English principles of natural or substantial justice;
- the U.S. judgment being for a debt or definite sum of money (provided that the judgment is not for a sum payable in respect of taxes or other charges of a like nature, or in respect of a penalty or fine or other penalty, or otherwise based on a U.S. law that an English court considers to be a penal, revenue or other public law);
- recognition of the U.S. judgment not being contrary to public policy or statute in England;
- recognition of the U.S. judgment not violating the Human Rights Act 1998;
- the U.S. judgment (i) is not a judgment in respect of the same subject matter involving the same parties that has previously been determined by an English court or another court whose judgment is entitled to recognition in England; and (ii) does not conflict with an earlier English or foreign judgment given earlier in time which is enforceable in an English court;

- the U.S. judgment was not given in proceedings brought in breach of an agreement for the settlement of disputes, including in breach of a binding arbitration agreement (as provided by section 32 of the Civil Jurisdiction and Judgments Act 1982);
- enforcement of the U.S. judgment would not contravene the Protection of Trading Interests Act 1980 (Section 5 of which precludes, among other things, the enforcement in the United Kingdom of any judgment given by a court of an overseas country which is a judgment for multiple damages arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damage sustained and which exceeds the compensatory element of the award);
- recognition or enforcement of the U.S. judgment would not be contrary to the terms of the Administration of Justice Act 1920, the Foreign Judgments (Reciprocal Enforcement) Act 1933 or the Civil Jurisdiction and Judgments Act 1982; and
- the English enforcement proceedings being commenced within the relevant limitation period.

In addition, an English court may decline to accept jurisdiction and impose civil liability if the original action was commenced in England and was predicated solely upon a law other than the law of England.

Subject to the foregoing, investors may be able to enforce in England judgments in civil and commercial matters that have been obtained from U.S. federal or state courts. However, the Company cannot assure you that those judgments will be recognised or enforceable in England. Furthermore, it may not be possible to obtain an English judgment or to enforce that judgment if the judgment debtor is or becomes subject to any insolvency or similar proceedings, or if the judgment debtor has any set-off or counterclaim against the judgment creditor. The judgment debtor may also appeal the English judgment and seek a stay of execution, or other relief, from the English court.

There are risks, including risks similar to those described above, in relation to enforcing judgments from a U.S. federal or state court in other jurisdictions. Accordingly, the Group cannot assure you that such risks do not and will not exist in other jurisdictions, including those in which the assets of some or all of the Group's subsidiaries that may guarantee the Notes in the future are located.

WHERE YOU CAN FIND MORE INFORMATION

Each purchaser of the Notes from the Initial Purchasers will be furnished with a copy of this Offering Memorandum and, to the extent provided to the Initial Purchaser by the Issuer for such purpose, any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to the Offering Memorandum acknowledges that:

- such person has been afforded an opportunity to request from the Issuer and to review, and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;
- such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and
- except as provided above, no person has been authorised to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorised by the Issuer or the Initial Purchasers.

This Offering Memorandum contains summaries, believed to be accurate in all material respects, of certain terms of certain agreements, but reference is made to the actual agreements (copies of which will be made available upon request to the Issuer or the Initial Purchasers) for complete information with respect thereto, and all such summaries are qualified in their entirety by this reference. While any Notes remain outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer and, with respect to financial information, the Issuer will make available, upon request, to any holder and any prospective purchaser of Notes the information required pursuant to Rule 144A(d)(4) under the Securities Act during any period in which the Issuer is not subject to Section 13 or 15(d) of the Exchange Act or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act. Requests for such information and requests for the agreements summarised in this Offering Memorandum should be directed to Convatec Group plc, 3 Forbury Place, 23 Forbury Road, Reading, RG1 3JH, United Kingdom. Information contained on the Company’s website is not incorporated by reference into this Offering Memorandum and is not part of this Offering Memorandum.

For so long as the Notes are admitted to trading on the International Securities Market of London Stock Exchange and the rules of the International Securities Market of London Stock Exchange so require, copies of such information will be available for review during the normal business hours on any business day at the specified office of the principal paying agent. Please see *“Listing and General Information.”*

LISTING AND GENERAL INFORMATION

1. Documents Available for Inspection

Copies of the following documents may be inspected at the offices of the Trustee and Paying Agent during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the life of the admission particulars from the date of this Offering Memorandum:

- (i) the certificates of incorporation and constitutional documents of the Issuer and the Guarantor;
- (ii) the audited consolidated financial statements of Convatec Group plc for the financial years ended 31 December 2022, 2023 and 2024;
- (iii) the unaudited condensed consolidated interim financial statements of Convatec Group plc as at and for the six months ended 30 June 2025; and
- (iv) the Indenture.

2. Application to the London Stock Exchange

Application has been made to the London Stock Exchange for the Notes to be admitted to trading on the London Stock Exchange's International Securities Market. There can be no guarantee that the foregoing application will be approved as of the date the Notes are issued or at any time thereafter, and settlement of the Notes is not conditioned on obtaining this listing.

3. The Issuer

The Issuer is a corporation incorporated in the state of Oklahoma with its principal executive office at 8516 Northwest Expressway, Oklahoma City, OK 73162, United States. The Issuer was incorporated on 27 August 2002, and is an indirect, wholly owned subsidiary of the Company. The Issuer has its registered office at Corporation Service Company, 115 S.W. 89th Street, Oklahoma City, Oklahoma County, OK 73139, United States. The Issuer was formed for the purpose of acting as an operating company as a specialist durable medical equipment retailer.

Corporate structure

At the date of this Offering Memorandum, the authorized share capital of the Issuer consists of 1,000 shares of common stock with \$0.00001 par value per share. At the date of this Offering Memorandum, a total of 1,000 shares have been issued. The immediate shareholder of 100% interest in the Issuer is 180 Medical Acquisition, Inc. The ultimate shareholder of the Issuer is the Company which owns indirectly 100% of the shares in the Issuer.

Business

The Issuer's principal activity is acting as an operating company as a specialist durable medical equipment retailer.

Directors

The directors of the Issuer are Mark Jassey, John Holtz and Jeff Hendrix. The business address for Messrs. Jassey, Holtz and Hendrix is 8516 Northwest Expressway, Oklahoma City, OK 73162, United States. As of the date of this Offering Memorandum, no director has any potential conflict of interests between his duties to the Issuer and his private interests or other duties. For more information, see "*Management.*"

Auditors

Deloitte LLP serves as the independent auditor of the Company, whose consolidated financial statements includes the Issuer.

4. The Guarantors

Convatec Group plc (the Company)

Incorporation and Status

Convatec Group plc was incorporated in England (registered number 10361298) on 6 September 2016, under the name of Convatec Group Limited as a private company with limited liability under the Companies Act 2006. On 10 October 2016, it changed its name to Convatec Group plc and re-registered as a public limited company under the Companies Act 2006. Its registered address is 7th Floor, 20 Eastbourne Terrace, London, W2 6LG, England.

Share Capital

On 20 August 2025, the Company announced the commencement of a share buyback programme of up to \$300 million, running from 20 August 2025 to 31 December 2025, subject to extension by further notification.

As at 25 September 2025, the Company's issued share capital is £204,978,955.90 comprised of 2,049,789,559 ordinary shares each with a nominal value of 10p which have been fully paid.

Organizational structure

The Company is the main holding company of the Group. See "*Summary Corporate and Financing Structure.*"

Business

The Company is a holding company.

Directors

For the directors of the Company, see "*Management.*"

Auditors

Deloitte LLP serves as the statutory and group auditor of the Company.

Convatec Inc.

Incorporation and Status

Convatec Inc. is a corporation incorporated in the state of Delaware with its principal executive office at 200 Connell Drive, Suite 1000, Berkeley Heights, NJ 07922, United States. Convatec Inc. was incorporated on 21 May 2008, and is an indirect, wholly owned subsidiary of the Company. Convatec Inc. has its registered office at Corporation Trust Center, 1209 Orange Street, Wilmington, County of Newcastle, Delaware 19801, United States.

Share Capital

At the date of this Offering Memorandum, the authorized share capital of Convatec Inc. consists of 100 shares of common stock with \$0.01 par value per share. At the date of this Offering Memorandum, a total of 100 shares have been issued. The immediate shareholder of 100% of the issued shares of Convatec Inc. is Convatec International UK Limited. The ultimate shareholder of Convatec Inc. is the Company which owns indirectly 100% of the shares in Convatec Inc.

Organizational structure

Convatec Inc. is a member of the Group. See "*Summary Corporate and Financing Structure.*"

Business

Convatec Inc. is a trading company.

Directors

The directors of Convatec Inc. are Gregg Vicinanza, Divakar Ramakrishnan and Chris Sirimis. Their business address is 200 Connell Drive, Suite 1000, Berkeley Heights, NJ 07922, United States. There are no current or potential conflicts of interest between each of the directors of Convatec Inc. in his or her official capacity and his or her private interests or other duties.

Auditors

Convatec Inc. does not require a local audit. There is no statutory auditor of Convatec Inc.

Convatec Finance Holdings Limited

Incorporation and status

Convatec Finance Holdings Limited was incorporated in England (registered number 12141776) on 6 August 2019, as a private company with limited liability under the Companies Act 2006. Its registered address is 7th Floor 20 Eastbourne Terrace, London, W2 6LG, England.

Share Capital

As at 25 September 2025, the issued share capital of Convatec Finance Holdings Limited is £2, comprising 2 ordinary shares each with a nominal value of £1 which have been fully paid. The sole shareholder of Convatec Finance Holdings Limited is Convatec Group Holdings Limited (100%).

Organizational Structure

Convatec Finance Holdings Limited is a member of the Group. See "*Summary Corporate and Financing Structure.*"

Business

Convatec Finance Holdings Limited is a financing company of the Group.

Directors

The directors of Convatec Finance Holdings Limited are Jonathan Mason and Fiona Ryder. Their business address is 7th Floor 20 Eastbourne Terrace, London, W2 6LG, England. There are no current or potential conflicts of interest between each of the directors of Convatec Finance Holdings Limited in his or her official capacity and his or her private interests or other duties.

Auditors

Deloitte LLP serves as the statutory auditor of Convatec Finance Holdings Limited.

5. Trend information

There has been no material adverse change in the prospects of the Issuer or any of the Guarantors since 31 December 2024, being the end of the last financial period for which audited financial information has been published.

There has been no significant change in the financial or trading position of the Group as a whole since 31 30 June 2025, being the end of the last financial period for which interim financial information has been published.

6. DTC

The Notes sold pursuant to Rule 144A in this Offering have been accepted for clearance through the facilities of DTC and have been assigned CUSIP number 682357 AB4. Notes sold pursuant to Regulation S in this Offering have been accepted for clearance through the facilities of DTC and have been assigned CUSIP number U68355 AB9. The international securities identification number (ISIN) for the Notes sold pursuant to Rule 144A is US682357AB43 and for the Notes sold pursuant to Regulation S is USU68355AB99. The Legal Entity Identifier of the Issuer is 254900ZB648OPWVFVX59.

7. Material Contracts

Facilities Agreement

See “*Description of Certain Indebtedness—Facilities Agreement*” for a description of the Facilities Agreement.

The 2021 Notes

See “*Description of Certain Indebtedness—2021 Notes*” for a description of the 2021 Notes.

8. Resolution

The issue of the Notes was authorised by a resolution of the Board of Directors of the Company dated 24 July 2025, with approval of the final terms delegated to certain authorised persons to undertake on behalf of the Board of Directors of the Company.

9. Yield to Maturity

The yield to maturity on the Notes is 5.350%.

10. Issuer Credit Rating

The Issuer has received a corporate rating of BBB- positive outlook and the Notes have received a rating of BBB- from S&P Global Ratings, a corporate rating of BBB stable outlook and a Notes rating of BBB from Fitch Ratings Limited and a corporate rating of Baa3 stable outlook and a Notes rating of Baa3 from Moody’s Investors Service Ltd.

11. Industry Data

The Issuer confirms that where information has been sourced from a third party, this information has been accurately reproduced and that as far as the Issuer is aware and has been able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer confirms that where information within this Offering Memorandum has been sourced from a third party, the identity of such third party is also disclosed.

12. Directors’ Responsibilities in Relation to the Financial Statements

The directors of the Company are required by the Companies Act 2006 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Convatec Group plc and the Group as at the

end of the financial year and of the profit or loss for the financial year.

In preparing the financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently, supported by judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on a going concern basis unless this is inappropriate.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Convatec Group plc and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors also have responsibility for taking reasonable steps to safeguard the assets of the Group and prevent and detect fraud and other irregularities.

Each of the audit reports of Deloitte LLP for the years ended and at 31 December 2022, 2023 and 2024, which are included in this Offering Memorandum, include a statement to the effect that Deloitte LLP does not assume responsibility to anyone other than Convatec Group plc and its shareholders for its audit work, audit report or the opinions it has formed. The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the Securities Act or in a report filed under the Exchange Act. The extent to which auditors have responsibility or liability to third parties is unclear under the laws of many jurisdictions, including the United Kingdom, and the legal effect of these statements in the audit reports is untested. If a U.S. court (or any other court) were to give effect to such statement, the recourse that investors in the Notes may have against Deloitte LLP based on their reports or the consolidated financial statements to which they relate could be limited.

The maintenance and integrity of the Convatec Group plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were first published.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

13. No litigation

The Group has not been engaged in any governmental, legal or arbitration proceedings during the 12 months preceding the date of this Offering Memorandum, which may have, or have had in the recent past, significant effects on the Group's ability to meet its obligations to holders of the Notes and so far as the Issuer or the Group is aware, no such governmental, legal or arbitration proceeding is pending or threatened.

INDEX TO THE FINANCIAL STATEMENTS

Unaudited condensed consolidated interim financial statements of Convatec Group plc, as at and for the six months ended 30 June 2025 (with comparative financial statements for the six months ended 30 June 2024)

Condensed Consolidated Income Statement.....	F - 3
Condensed Consolidated Statement of Comprehensive Income	F - 4
Condensed Consolidated Statement of Financial Position	F - 5
Condensed Consolidated Statement of Changes in Equity	F - 6
Condensed Consolidated Statement of Cash Flows.....	F - 7
Notes to the Condensed Consolidated Financial Statements	F - 8
Independent Auditor's Report	F - 17

Consolidated financial statements of Convatec Group plc, as at and for the financial year ended 31 December 2024 which includes the comparative restated figures for the financial year ended 31 December 2023

Consolidated Income Statement	F - 20
Consolidated Statement of Comprehensive Income	F - 20
Consolidated Statement of Financial Position	F - 21
Consolidated Statement of Changes in Equity.....	F - 22
Consolidated Statement of Cash Flows	F - 23
Notes to the Consolidated Financial Statements.....	F - 24
Independent Auditor's Report	F - 64

Consolidated financial statements of Convatec Group plc, as at and for the financial year ended 31 December 2023 which includes the comparative restated figures for the financial year ended 31 December 2022

Consolidated Income Statement	F - 72
Consolidated Statement of Comprehensive Income	F - 72
Consolidated Statement of Financial Position	F - 73
Consolidated Statement of Changes in Equity.....	F - 74
Consolidated Statement of Cash Flows	F - 75
Notes to the Consolidated Financial Statements.....	F - 76
Independent Auditor's Report	F - 121

Consolidated financial statements of Convatec Group plc, as at and for the financial year ended 31 December 2022 which includes the comparative restated figures for the financial year ended 31 December 2021

Consolidated Income Statement	F - 130
Consolidated Statement of Comprehensive Income	F - 130
Consolidated Statement of Financial Position	F - 131
Consolidated Statement of Changes in Equity.....	F - 132
Consolidated Statement of Cash Flows	F - 133
Notes to the Consolidated Financial Statements.....	F - 134
Independent Auditor's Report	F - 180

INDEX TO THE FINANCIAL STATEMENTS

INDEX TO THE 2025 INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

Unaudited condensed consolidated interim financial statements of Convatec Group plc, as at and for the six months ended 30 June 2025 (with comparative financial statements for the six months ended 30 June 2024)

Condensed Consolidated Income Statement	F - 3
Condensed Consolidated Statement of Comprehensive Income	F - 4
Condensed Consolidated Statement of Financial Position	F - 5
Condensed Consolidated Statement of Changes in Equity	F - 6
Condensed Consolidated Statement of Cash Flows	F - 7
Notes to the Condensed Consolidated Financial Statements	F - 8
Independent Auditor's Report	F - 17

Condensed Consolidated Interim Financial Statements

Condensed Consolidated Income Statement

	Notes	Six months ended 30 June	
		2025	2024
		\$m	\$m
		(unaudited)	(unaudited)
Revenue	2	1,179.9	1,113.4
Cost of sales		(523.5)	(490.3)
Gross profit		656.4	623.1
Selling and distribution expenses		(327.2)	(322.1)
General and administrative expenses		(98.3)	(97.8)
Research and development expenses		(53.5)	(54.0)
Other operating income		1.8	–
Operating profit		179.2	149.2
Finance income	3	1.4	2.6
Finance expense	3	(33.6)	(42.8)
Fair value movement of contingent consideration	7	(4.8)	(4.7)
Non-operating expense, net		(4.8)	(0.3)
Profit before income taxes		137.4	104.0
Income tax expense	4	(32.6)	(25.4)
Net profit		104.8	78.6
Earnings per share			
Basic earnings per share (cents)	6	5.1¢	3.8¢
Diluted earnings per share (cents)	6	5.1¢	3.8¢

All amounts are attributable to shareholders of the Group and wholly derived from continuing operations (see Note 2 for details).

Condensed Consolidated Statement of Comprehensive Income

	Notes	Six months ended 30 June	
		2025	2024
		\$m	\$m
		(unaudited)	(unaudited)
Net profit		104.8	78.6
Items that will not be reclassified subsequently to the Consolidated Income Statement:			
Changes in fair value of equity investments		(1.2)	(3.1)
Items that may be reclassified subsequently to the Consolidated Income Statement:			
Foreign currency translation		116.1	(22.1)
Effective portion of changes in fair value of cash flow hedges		15.3	(3.1)
Changes in fair value of cash flow hedges reclassified to the Consolidated Income Statement		1.2	2.9
Costs of hedging		(0.6)	(1.8)
Income tax relating to items that may be reclassified		(0.1)	(0.4)
Other comprehensive income/(expense)		130.7	(27.6)
Total comprehensive income		235.5	51.0

All amounts are attributable to shareholders of the Group and wholly derived from continuing operations.

Condensed Consolidated Statement of Financial Position

		30 June 2025	31 December 2024
	Notes	\$ m	\$ m
		(unaudited)	(audited)
Assets			
Non-current assets			
Property, plant and equipment		594.0	502.6
Right-of-use assets		67.5	67.5
Intangible assets		759.3	805.9
Goodwill		1,359.9	1,290.2
Investment in financial assets		15.7	16.9
Deferred tax assets		23.2	22.7
Derivative financial assets	9	0.2	–
Restricted cash		4.5	3.4
Other non-current receivables		13.2	12.5
		2,837.5	2,721.7
Current assets			
Inventories		381.1	349.6
Trade and other receivables		402.6	335.0
Current tax receivable		22.4	16.8
Derivative financial assets	9	23.6	18.4
Restricted cash		8.6	8.8
Cash and cash equivalents		95.7	64.7
		934.0	793.3
Total assets		3,771.5	3,515.0
Equity and liabilities			
Current liabilities			
Trade and other payables		369.0	382.7
Lease liabilities		15.4	22.0
Current tax payable		30.5	31.9
Derivative financial liabilities	9	29.2	18.1
Contingent consideration	7	32.2	53.3
Provisions		2.5	4.3
		478.8	512.3
Non-current liabilities			
Borrowings	8	1,260.8	1,122.8
Lease liabilities		63.7	56.8
Deferred tax liabilities		93.6	82.7
Contingent consideration	7	22.7	17.0
Provisions		3.5	3.5
Derivative financial liabilities	9	–	0.3
Other non-current liabilities		37.2	30.7
		1,481.5	1,313.8
Total liabilities		1,960.3	1,826.1
Net assets		1,811.2	1,688.9
Equity			
Share capital		251.5	251.5
Share premium		181.0	181.0
Own shares		(13.4)	(16.4)
Retained deficit		(824.4)	(828.4)
Merger reserve		2,098.9	2,098.9
Cumulative translation reserve		(53.4)	(169.5)
Other reserves		171.0	171.8
Total equity		1,811.2	1,688.9
Total equity and liabilities		3,771.5	3,515.0

Condensed Consolidated Statement of Changes in Equity

	Notes	Share capital \$m	Share premium \$m	Own shares \$m	Retained deficit \$m	Merger reserve \$m	Cumulative translation reserve \$m	Other reserves \$m	Total \$m
At 1 January 2025 (audited)		251.5	181.0	(16.4)	(828.4)	2,098.9	(169.5)	171.8	1,688.9
Net profit		–	–	–	104.8	–	–	–	104.8
Other comprehensive expense:									
Foreign currency translation adjustment		–	–	–	–	–	116.1	–	116.1
Changes in fair value of cash flow hedges, net of tax		–	–	–	–	–	–	15.8	15.8
Change in fair value of equity investments		–	–	–	–	–	–	(1.2)	(1.2)
Other comprehensive expense		–	–	–	–	–	116.1	14.6	130.7
Total comprehensive income/(expense)		–	–	–	104.8	–	116.1	14.6	235.5
Dividends paid	5	–	–	–	(100.8)	–	–	–	(100.8)
Purchase of shares by Employee Benefit Trust		–	–	(23.0)	–	–	–	–	(23.0)
Share-based payments		–	–	–	–	–	–	10.4	10.4
Share awards vested		–	–	26.0	–	–	–	(25.7)	0.3
Changes in fair value of cash flow hedges transferred to inventory		–	–	–	–	–	–	(0.1)	(0.1)
At 30 June 2025 (unaudited)		251.5	181.0	(13.4)	(824.4)	2,098.9	(53.4)	171.0	1,811.2

	Notes	Share capital \$m	Share premium \$m	Own shares \$m	Retained deficit \$m	Merger reserve \$m	Cumulative translation reserve \$m	Other reserves \$m	Total \$m
At 1 January 2024 (audited)		251.5	181.0	(0.6)	(888.7)	2,098.9	(122.2)	172.8	1,692.7
Net profit		–	–	–	78.6	–	–	–	78.6
Other comprehensive expense:									
Foreign currency translation adjustment		–	–	–	–	–	(22.1)	–	(22.1)
Changes in fair value of cash flow hedges, net of tax		–	–	–	–	–	–	(2.4)	(2.4)
Change in fair value of equity investments		–	–	–	–	–	–	(3.1)	(3.1)
Other comprehensive expense		–	–	–	–	–	(22.1)	(5.5)	(27.6)
Total comprehensive income/(expense)		–	–	–	78.6	–	(22.1)	(5.5)	51.0
Dividends paid	5	–	–	–	(91.5)	–	–	–	(91.5)
Purchase of shares by Employee Benefit Trust		–	–	(6.9)	–	–	–	–	(6.9)
Share-based payments		–	–	–	–	–	–	9.1	9.1
Share awards vested		–	–	5.3	–	–	–	(4.8)	0.5
At 30 June 2024 (unaudited)		251.5	181.0	(2.2)	(901.6)	2,098.9	(144.3)	171.6	1,654.9

Condensed Consolidated Statement of Cash Flows

		Six months ended 30 June	
		2025	2024
	Notes	\$m	\$m
Cash flows from operating activities		(unaudited)	(unaudited)
Net profit		104.8	78.6
Adjustments for			
Depreciation of property, plant and equipment		20.6	20.0
Depreciation of right-of-use assets		11.6	11.4
Amortisation of intangible assets		78.5	78.3
Income tax	4	32.6	25.4
Non-operating expense, net ¹		6.9	1.8
Fair value movement of contingent consideration		4.8	4.7
Finance expense, net		32.2	40.2
Share-based payments		10.5	9.3
Impairment/write-off of intangible assets		–	0.2
Impairment (reversals)/charges of property, plant and equipment		(1.0)	0.2
Change in assets and liabilities:			
Inventories		(1.5)	6.7
Trade and other receivables		(41.5)	(29.0)
Other non-current receivables		(0.6)	(0.2)
Restricted cash		(0.4)	0.8
Trade and other payables		(38.4)	(56.5)
Provisions		(2.6)	(4.9)
Other non-current payables		2.3	1.5
Net cash generated from operations		218.8	188.5
Interest received		1.4	2.6
Interest paid		(38.5)	(45.1)
Payment of contingent consideration arising from acquisitions	7	(1.9)	(48.1)
Income taxes paid		(24.8)	(24.4)
Net cash generated from operating activities		155.0	73.5
Cash flows from investing activities			
Acquisition of property, plant and equipment ¹		(56.6)	(37.8)
Acquisition of intangible assets ¹		(12.3)	(12.8)
Proceeds arising from acquisitions	7	0.7	–
Proceeds from sale of property, plant and equipment and other assets		–	0.3
Payment of contingent consideration arising from acquisitions	7	(25.0)	(22.8)
Net cash used in investing activities		(93.2)	(73.1)
Cash flows from financing activities			
Proceeds from borrowings	8	120.9	105.3
Realised loss on settlement of FX derivatives		(17.6)	–
Payment of lease liabilities		(12.2)	(12.1)
Purchase of own shares		(22.4)	–
Dividends paid	5	(100.8)	(91.5)
Net cash used in financing activities		(32.1)	1.7
Net change in cash and cash equivalents		29.7	2.1
Cash and cash equivalents at beginning of the period		64.7	97.6
Effect of exchange rate changes on cash and cash equivalents		1.3	(2.8)
Cash and cash equivalents at end of the period		95.7	96.9

1. The comparatives have been re-presented as outlined in Note 1 to the Condensed Consolidated Financial Statements.

1. Basis of preparation and accounting standards

Convatec Group Plc (the "Company") is a public limited company incorporated in the United Kingdom. The accompanying unaudited Condensed Consolidated Interim Financial Statements of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2025 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34 Interim Financial Reporting as adopted by the United Kingdom. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern as described further below.

The Condensed Consolidated Interim Financial Statements should be read in conjunction with the 2024 Convatec Group Plc Annual Report and Accounts, which were prepared in accordance with the United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). The Condensed Consolidated Interim Financial Statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual financial statements for the year ended 31 December 2024.

These Condensed Consolidated Interim Financial Statements and the comparatives are unaudited, except where otherwise indicated, and do not constitute statutory financial statements. The statutory financial statements for the Group in respect of the year ended 31 December 2024 have been reported on by the Group's auditor and delivered to the Registrar of Companies. The audit report on those accounts was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2025 were approved by the Board on 28 July 2025.

Going concern

In preparing their assessment of going concern, the Directors considered available cash resources, actual financial performance, forecast performance from the Board-approved 2025 budget and longer-term strategic plan and exposure to the Group's principal and emerging risks.

As at 30 June 2025, the Group held cash and cash equivalents of \$95.7 million (31 December 2024: \$64.7 million), with borrowings of \$1,260.8 million (31 December 2024: \$1,122.8 million). Borrowings as at 30 June 2025, net of unamortised financing fees, comprised of a term loan of \$250.0 million, drawn multicurrency revolving credit facilities of \$519.9 million and senior notes of \$500.0 million, with maturity dates of 2027, 2028 and 2029 respectively. \$430.1 million of the multicurrency revolving credit facilities remained undrawn as at 30 June 2025 (31 December 2024: \$566.5 million).

The Directors considered severe but plausible downside scenarios linked to the Group's principal risks and also carried out a reverse stress test against the base forecast to determine the performance levels that would result in a breach of covenants. Under each downside scenario, the Group is forecast to retain sufficient liquidity and covenant headroom through the going concern period and consider the revenue reduction required to breach covenants to be implausible given the Group's strong market position and the mitigations available to the Board, including reducing expansionary capital investment.

As a result, the Directors have a reasonable expectation that the Group will have adequate liquid resources to meet its liabilities as they become due for a period of at least 12 months from the date that the Financial Statements have been authorised and therefore believe that it is appropriate to adopt the going concern basis of accounting in preparing the Condensed Consolidated Interim Financial Statements.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Condensed Consolidated Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the

reported value of assets and liabilities, income and expense. Actual results may differ from these estimates or judgements. Management regularly reviews, and revises as necessary, the accounting judgements that significantly impact the amounts recognised in the Condensed Consolidated Interim Financial Statements and the sources of estimation uncertainty that are considered to be “key estimates” due to their potential to give rise to material adjustments in the Group’s Consolidated Financial Statements within the next financial year.

In preparing the Condensed Consolidated Interim Financial Statements, management has determined that there are no areas of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year or critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the Condensed Consolidated Interim Financial Statements. This is consistent with the Group’s last annual financial statements for the year ended 31 December 2024.

New accounting standards applied

The Group’s accounting policies used in these Condensed Consolidated Interim Financial Statements are consistent with those set out in the 2024 Annual Report and Accounts, except for the adoption of new standards effective as of 1 January 2025. No standards, interpretations or amendments have been adopted early.

From 1 January 2025, the Group adopted the following mandatory amendment:

- Lack of exchangeability – Amendments to IAS 21

This amendment did not have a material impact on the Condensed Consolidated Interim Financial Statements.

Prior year re-presentation

Certain line items in the primary statements have been disaggregated to provide greater clarity, and accordingly, the corresponding comparative amounts have been re-presented for consistency and comparability between periods.

Within the Condensed Consolidated Statement of Cash Flows, and to be consistent with the 2024 Consolidated Financial Statements, the non-operating income has been re-presented to be disclosed net of unrealised losses on derivatives of \$10.4 million. This was previously recognised separately as derivative financial assets (\$4.8 million) and derivative financial liabilities (\$15.2 million).

Within the Condensed Consolidated Statement of Cash Flows, cash flows associated with the acquisition of property, plant and equipment of \$37.8 million and acquisition of intangible assets of \$12.8 million have now been presented separately.

There is no impact on cash flows, or any other subtotal presented previously.

2. Revenue and segment information

The Board considers the Group’s business to be a single segment entity engaged in the development, manufacture and sale of medical products and technologies. R&D, manufacturing and central support functions are managed globally for the Group. Revenues are managed both on a category and geographic basis. This note presents the performance and activities of the Group as a single segment.

Convatec’s Executive Leadership Team (CELT), as the Group’s Chief Operating Decision Maker, is the function that allocates resources and evaluates the Group’s global product portfolios on a revenue basis and evaluates profitability and associated investment on an enterprise-wide basis due to shared infrastructures and support functions between the categories. Financial information in respect of

revenues provided to the CELT for decision-making purposes is made on both a category and geographic basis. Resources are allocated on a Group-wide basis, with a focus on both category and the key markets but primarily based on the merits of each individual proposal.

Revenue by category

The following table sets out the Group's revenue by category:

	Six months ended 30 June	
	2025 \$m	2024 \$m
Advanced Wound Care	367.0	360.0
Ostomy Care	326.5	311.1
Continence Care	259.4	242.6
Infusion Care	227.0	199.5
Revenue excluding hospital care exit	1,179.9	1,113.2
Revenue from hospital care exit	–	0.2
Total	1,179.9	1,113.4

Revenue by geography

The following table sets out the Group's revenue by regional geographic market in which third-party customers are located:

	Six months ended 30 June	
	2025 \$m	2024 \$m
North America	657.0	622.2
Europe	346.6	327.4
Rest of World (RoW) ¹	176.3	163.8
Total	1,179.9	1,113.4

1. Rest of World (ROW) comprises all countries in Asia Pacific, Latin America (including Mexico and the Caribbean), the Middle East (including Turkey) and Africa.

3. Finance income and expenses

Finance expenses arise from interest on the Group's borrowings and lease liabilities. Finance income arises from interest earned on investment of surplus cash.

Finance costs, net for the six months ended 30 June were as follows:

	Six months ended 30 June	
	2025 \$m	2024 \$m
Finance income		
Interest income on cash and cash equivalents	1.4	1.8
Interest income on interest rate derivatives	–	0.8
Total finance income	1.4	2.6
Finance expenses		
Interest expense on borrowings	(31.3)	(38.0)
Interest expense on interest rate derivatives	(0.2)	–
Other financing-related fees ¹	(3.5)	(4.8)
Interest expense on lease liabilities	(1.8)	(1.7)
Capitalised interest ²	4.2	2.8
Other finance costs	(1.0)	(1.1)
Total finance expenses	(33.6)	(42.8)
Finance costs, net	(32.2)	(40.2)

1. Other financing-related fees include the amortisation of deferred financing fees of associated with the multicurrency revolving credit facilities, term loans facilities and senior notes and receivables financing fees.
2. Capitalised interest was calculated using the Group's weighted average interest rate over the period of 5.3% (2024: 6.0%) and will be treated as tax deductible.

4. Income taxes

The Group's income tax expense is accrued using the tax rate that would be applicable to expected annual total earnings (i.e. the estimated average annual effective income tax rate applied to the profit before tax).

The tax charge for the six months ended 30 June 2025 has been calculated by applying the effective rate of tax which is expected to apply to the Group for the year ending 31 December 2025 using rates substantively enacted as at 30 June 2025.

For the six months ended 30 June 2025, the Group recorded an income tax expense of \$32.6 million (30 June 2024: \$25.4 million). The Group's reported effective tax rate for the period ended 30 June 2025 was 23.7% (2024: 24.4%). The decrease in the reported effective tax rate was principally driven by reduction in non-deductible acquisition costs.

The Group continues to believe it has made adequate provision for uncertain tax positions on open issues in accordance with IFRIC 23 Uncertainty over Income Tax Treatments. The ultimate liability for such matters may vary from the amounts provided and is dependent upon the outcome of discussions with relevant tax authorities or, where applicable, appeal proceedings.

The Group has applied the temporary exception as detailed in the IASB announcement "International Tax Reform—Pillar Two Model Rules", which amended IAS 12 Income Taxes, and therefore has not recognised nor disclosed information about deferred tax assets and liabilities related to Pillar Two income taxes.

5. Dividends

The Board ensures that adequate realised distributable reserves are available in the Company in order to meet proposed shareholder dividends, and the purchase of shares for employee share scheme incentives. The Company principally derives distributable reserves from dividends received from subsidiary companies.

In determining the level of dividend in the year, the Board considers the following factors and risks that may influence the proposed dividend:

- Availability of realised distributable reserves
- Available cash resources and commitments
- Strategic opportunities and investments, in line with the Group's strategic plan
- Principal risks of the Group

The Board paid the 2024 final dividend in May 2025. The Board has taken into consideration balancing the return to shareholders, and the additional investment in delivery of our strategy in the period. The decision to increase the interim dividend for 2025 reflects the Board's confidence in the future performance of the Group and the underlying financial strength, realised distributable reserves position, available liquidity and cash generation of the Group when assessing cash flow forecasts for the next two years from the date of the dividend payment.

Dividends paid and proposed were as follows:

	pence per share	cents per share	\$m
Final dividend 2023	3.517	4.460	91.5
Interim dividend 2024	1.422	1.822	38.7
Paid in 2024	4.939	6.282	130.2
Final dividend 2024	3.639	4.594	100.8
Paid in 2025 to date	3.639	4.594	100.8
Interim dividend 2025 proposed	1.399	1.877	38.5

The proposed interim dividend for 2025, is to be distributed on 1 October 2025 to shareholders registered at the close of business on 22 August 2025. The dividend will be declared in US dollars and will be paid in Sterling at the exchange rate of \$1.3421/£1.00 determined on 28 July 2025.

6. Earnings per share

Basic earnings per share is calculated based on the Group's net profit for the year attributable to shareholders divided by the weighted average number of ordinary shares in issue during the year. The weighted average number of shares is net of shares purchased by the Group and held as own shares. Diluted earnings per share take into account the dilutive effect of all outstanding share options priced below the market price in arriving at the number of shares used in its calculation.

	Six months ended 30 June	
	2025	2024
Net profit attributable to the shareholders of the Group (\$m)	104.8	78.6
Basic weighted average ordinary shares in issue (number)	2,044,204,772	2,047,599,499
Dilutive impact of share awards (number)	7,896,549	8,353,802
Diluted weighted average ordinary shares in issue (number)	2,052,101,321	2,055,953,301
Basic earnings per share (cents per share)	5.1¢ per share	3.8¢ per share
Diluted earnings per share (cents per share)	5.1¢ per share	3.8¢ per share

The calculation of diluted earnings per share does not contain any share options that were non-dilutive for the year, because the average market price of the Group's ordinary shares exceeded the exercise price.

7. Acquisitions

Livramedom

Assets acquired and liabilities assumed

In April 2025 (within the measurement period), the Group finalised the working capital and gross indebtedness adjustments which reduce the consideration relating to the 2024 acquisition of Livramedom. The final adjustment was \$1.0 million, resulting in the total consideration increasing by \$0.7 million to \$13.5 million. Of the \$1.0 million, \$0.7 million has been received from the sellers to date as shown within cash flows from investing activities in the Condensed Consolidated Statement of Cash Flows.

As a result, the carrying value of the Group's goodwill increased to \$1,359.9 million at 30 June 2025 (31 December 2024: \$1,290.2 million) reflecting the working capital and gross indebtedness adjustments of \$0.7 million and foreign exchange movements of \$69.0 million.

Contingent consideration

As at 30 June 2025, the discounted fair value of contingent consideration payable in respect of the Group's acquisitions was \$54.9 million (31 December 2024: \$70.3 million). During the year, earnout payments totalling \$26.9 million were made in respect of past acquisitions (\$25.0 million recognised within the cash flows from investing activities and \$1.9 million recognised within the cash flows from operating activities in the Consolidated Statement of Cash Flows). The net charge to the income statement in respect of changes in the fair value of contingent consideration (based on the best estimates of the amounts payable as at 30 June 2025) was \$4.8 million. In addition, there was a foreign exchange movement of \$6.7 million from the re-translation of non-USD denominated balances.

8. Borrowings

The Group's sources of borrowing for funding and liquidity purposes derive from senior notes and credit facilities, including a committed revolving credit facility.

The Group's consolidated borrowings were as follows:

	Currency	Year of maturity	30 June 2025 Face value \$ m	31 December 2024 Face value \$ m
Revolving Credit Facility ¹	Multicurrency	2028	519.9	383.5
Term Loan	USD	2027	250.0	250.0
Senior Notes	USD	2029	500.0	500.0
Interest-bearing borrowings			1,269.9	1,133.5
Financing fees ²			(9.1)	(10.7)
Carrying value of borrowings			1,260.8	1,122.8
Current borrowings			–	–
Non-current borrowings			1,260.8	1,122.8

1. Included within the Revolving Credit Facility as at 30 June 2025 was €106.0 million (\$124.9 million) and \$395.0 million, representing 24.0% of RCF debt denominated in Euros, and 76.0% denominated in US dollars respectively. As at 31 December 2024, this was €106.0 million (\$109.8 million) and £7.0 million (\$8.8 million), representing 28.6% of RCF debt denominated in Euros, 2.3% of the RCF debt denominated in GBP and 69.1% denominated in US dollars.
2. Financing fees of \$9.1 million (31 December 2024: \$10.7 million) related to the remaining unamortised fees incurred on the credit facilities and senior notes.

Credit facilities

The credit facilities held by the Group are committed and available for the refinancing of certain existing financial indebtedness and general corporate purposes. The Group's bank credit facility of \$1.2 billion comprises of a \$250.0 million term loan and a \$950.0 million multicurrency revolving credit facility. As at 30 June 2025, the term loan was fully drawn and \$519.9 million of the revolving credit facility was drawn, with \$430.1 million undrawn.

Financial covenants

The principal financial covenants are based on a permitted net debt to covenant-adjusted EBITDA¹ ratio and interest cover test as defined in the credit facilities agreement. Testing is required on a semi-annual basis, at June and December, based on the last 12 months' financial performance. At 30 June 2025, the permitted net debt to covenant-adjusted EBITDA¹ ratio was a maximum of 3.5 times and the interest cover a minimum of 3.5 times, terms as defined by the credit facilities agreement. In accordance with the credit facilities agreement, the net debt to covenant-adjusted EBITDA¹ ratio can increase to a maximum 4.0 times for permitted acquisitions or investments.

The Group was in compliance with all financial and non-financial covenants at 30 June 2025, with significant available headroom on the financial covenants (in excess of \$900.5 million debt headroom on the net debt to covenant-adjusted EBITDA¹).

1. Covenant-adjusted EBITDA is calculated based on terms as defined in the credit facilities agreement. This is different to adjusted EBITDA, which is an alternative performance measure (APM).

Senior notes

Unsecured senior notes of \$500.0 million are subject to an interest cover financial covenant as defined in the indentures which is a minimum of 2.0 times, with testing required annually at 31 December on the last 12 calendar months' financial performances.

9. Fair value measurement

Financial instruments are classified as Level 1, Level 2, or Level 3 in the fair value hierarchy in accordance with IFRS 13 Fair Value Measurements, based upon the degree to which the fair value movements are observable. Level 1 fair value measures are defined as those with quoted (unadjusted) market prices in active markets for identical assets or liabilities. Level 2 fair value measurements are defined as those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (prices from third parties) or indirectly (derived from third-party prices). Level 3 fair value measurements are defined as those derived from significant unobservable inputs.

The only instrument classified as Level 1 are the senior notes, given the availability of quoted market price. The Group's derivative financial instruments as well as the Group's other borrowings are classified as Level 2, and the Group's equity investment in preference shares, together with contingent consideration arising on business combinations, are classified as Level 3. There were no transfers between levels during the year.

	30 June 2025		31 December 2024	
	Carrying amount \$m	Fair value \$m	Carrying amount \$m	Fair value \$m
Financial instruments measured at fair value				
Non-current				
Equity investment	15.7	15.7	16.9	16.9
Derivative financial assets	0.2	0.2	-	-
Derivative financial liabilities	-	-	(0.3)	(0.3)
Contingent consideration	(22.7)	(22.7)	(17.0)	(17.0)
Current				
Derivative financial assets	23.6	23.6	18.4	18.4
Derivative financial liabilities	(29.2)	(29.2)	(18.1)	(18.1)
Contingent consideration	(32.2)	(32.2)	(53.3)	(53.3)
Financial instruments not measured at fair value				
Non-current				
Senior notes	(500.0)	(476.3)	(500.0)	(456.9)
Other borrowings	(769.9)	(795.2)	(633.5)	(678.9)

Senior notes and other borrowings

The Group's senior notes are listed and their fair value has been obtained from quoted market data and therefore categorised as a Level 1 measurement in the fair value hierarchy under IFRS 13 Fair Value Measurements. For the Group's other borrowings, the fair value is based on discounted cash flows using a current borrowing rate and is categorised as a Level 2 measurement.

Derivative financial instruments

The Group holds interest rate swap agreements to fix a proportion of variable interest on US dollar and EURO denominated debt, in accordance with the Group's risk management policy. The interest rate swaps are designated as hedging instruments in a cash flow hedging relationship.

The fair values of the interest rate swap agreements are calculated by discounting expected future principal and interest cashflow and translating at the appropriate balance sheet rates and are therefore categorised as a Level 2 measurement in the fair value hierarchy under IFRS 13 Fair Value Measurements.

The Group uses forward foreign exchange contracts, designated as cash flow hedges, to hedge certain forecast third-party foreign currency transactions for up to one year. When a commitment is entered into, a layered approach is taken when hedging the currency exposure, ensuring that no more than 100% of the transaction exposure is covered. The currencies hedged by forward foreign exchange contracts are US dollars, Swiss francs, Pound sterling, Danish krone and Japanese yen. The Group further utilises foreign exchange contracts and swaps classified as fair value through profit or loss (FVTPL) to manage short-term foreign exchange exposure.

The fair values of the forward foreign exchange contracts are calculated by discounting the contracted forward values and translating at the appropriate balance sheet rates and are therefore categorised as a Level 2 measurement in the fair value hierarchy under IFRS 13 Fair Value Measurements.

Contingent consideration

Contingent consideration arising on business combinations is classified as a recurring fair value measurement within Level 3 of the fair value hierarchy, in line with IFRS 13, Fair Value Measurements. Key unobservable inputs in respect of the Group's acquisitions include actual results, management forecasts and an appropriate discount rate.

Management has determined that the potential range of undiscounted outcomes at 30 June 2025 is between \$37.1 million and \$152.4 million (31 December 2024: \$58.8 million and \$163.9 million), from a maximum undiscounted amount of \$152.4 million (31 December 2024: \$163.9 million). The change in the potential range of undiscounted outcomes as at 30 June 2025 was due to milestone payments made in the year and changes in foreign exchange rates.

The table below shows an indicative basis of the sensitivity to the income statement and balance sheet at 30 June 2025.

	Sales forecast				Discount rate			
	+5%	+10%	-5%	-10%	+1.0%	+2.0%	-1.0%	-2.0%
Increase/(decrease) in financial liability and loss/(gain) in income statement	0.5	1.2	(0.7)	(1.4)	(2.1)	(4.0)	2.2	4.5

Equity investment

The investment is in relation to the Group's investment in BlueWind Medical Limited in 2022. The Group considers this investment to be strategic in nature and it is not held for trading. In line with IFRS 13 Fair Value Measurement, this investment has been classified as Level 3 in the fair value hierarchy as its measurement is derived from significant unobservable inputs by reference to available information, including the current market value of similar instruments, recent financing rounds and discounted cash flows of the underlying net assets. The fair value of the investment has been determined by using an average of three valuation methodologies, those being the precedent transaction method, the income approach method and the probability-weighted expected return model.

The Group made an irrevocable election at initial recognition to present subsequent changes in the fair value of the investment in other comprehensive income. It was initially recorded at fair value plus transaction costs and is remeasured to fair value at subsequent reporting dates. The fair value of the investment at 30 June 2025 was \$15.7 million (31 December 2024: \$16.9 million), with the movement of \$1.2 million taken to the Condensed Consolidated Statement of Other Comprehensive Income. No dividends were recognised during the period.

10. Foreign exchange

The following table summarises the exchange rates used for the translation of currencies into US dollars that have the most significant impact on the Group results:

Currency	Average rate/ Closing rate	Six months ended 30 June		Year ended 31 December
		2025	2024	2024
USD/EUR	Average	1.09	1.08	1.08
	Closing	1.18	1.07	1.04
USD/GBP	Average	1.30	1.27	1.28
	Closing	1.37	1.26	1.25
USD/DKK	Average	0.15	0.15	0.15
	Closing	0.16	0.14	0.14

11. Related Party Transactions

There were no changes in the related party transactions described in the 2024 Annual Report and Accounts that have had a material effect on the financial position or performance of the Group during the six months to 30 June 2025.

12. Commitments and contingencies

Capital commitments

At 30 June 2025, the Group had non-cancellable commitments for the purchase of property, plant and equipment, capitalised software and development of \$21.6 million (31 December 2024: \$42.6 million).

Contingent liabilities

The Company and its subsidiaries are party to various legal claims and disputes which arise in the normal course of business. Provisions are recognised for outcomes that are deemed probable and can be reliably estimated. Management believe that any material liability in respect of legal actions and claims not already provided for, is remote.

13. Subsequent events

There have been no events between the balance sheet date, and the date on which the financial statements were approved by the Board of Directors, which would require adjustment to the financial statements or any additional disclosure. Refer to the Category Review section of this document for further commentary on the two draft CMS proposals published on 30 June 2025 and 14 July 2025.

On 28 July 2025, the Board declared an interim dividend to be distributed on 1 October 2025. Refer to Note 5 - Dividends for further details.

INDEPENDENT REVIEW REPORT TO CONVATEC GROUP PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2025 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and related notes 1 to 13.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2025, is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the Directors have inappropriately adopted the going concern basis of accounting or that the Directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the Directors

The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the Directors are responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, United Kingdom
28 July 2025

INDEX TO THE FINANCIAL STATEMENTS

INDEX TO THE 2024 CONDENSED CONSOLIDATED INCOME STATEMENT

Consolidated financial statements of Convatec Group plc, as at and for the financial year ended 31 December 2024 which includes the comparative restated figures for the financial year ended 31 December 2023

Consolidated Income Statement	F - 20
Consolidated Statement of Comprehensive Income	F - 20
Consolidated Statement of Financial Position	F - 21
Consolidated Statement of Changes in Equity	F - 22
Consolidated Statement of Cash Flows	F - 23
Notes to the Consolidated Financial Statements	F - 24
Independent Auditor's Report	F - 64

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

	Notes	2024 \$m	2023 \$m
Revenue	2	2,289.2	2,142.4
Cost of sales		(1,005.6)	(941.8)
Gross profit		1,283.6	1,200.6
Selling and distribution expenses		(645.2)	(612.5)
General and administrative expenses		(195.0)	(212.9)
Research and development expenses		(111.7)	(110.0)
Other operating expenses	4	(6.8)	(2.5)
Operating profit	3	324.9	262.7
Finance income	25	4.8	5.2
Finance expense	25	(82.9)	(80.7)
Fair value movement of contingent consideration	26	(4.6)	(24.6)
Non-operating income, net	5	3.7	4.8
Profit before income taxes		245.9	167.4
Income tax expense	6	(55.4)	(37.1)
Net profit		190.5	130.3
Earnings per share			
Basic earnings per share (cents per share)	7	9.3¢	6.4¢
Diluted earnings per share (cents per share)	7	9.3¢	6.3¢

The accounting policies and notes on pages 161 to 200 form an integral part of the Consolidated Financial Statements. All amounts are attributable to shareholders of the Group and wholly derived from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 \$m	2023 \$m
Net profit		190.5	130.3
Items that will not be reclassified subsequently to the Consolidated Income Statement			
Remeasurement of defined benefit pension plans, net of tax	15	(0.3)	(0.2)
Changes in fair value of equity investments	10	(6.0)	(7.8)
Items that may be reclassified subsequently to the Consolidated Income Statement			
Foreign currency translation		(47.3)	54.9
Effective portion of changes in fair value of cash flow hedges	23	(11.1)	0.7
Changes in fair value of cash flow hedges reclassified to the Consolidated Income Statement	23	2.1	(0.8)
Costs of hedging	23	0.6	(0.5)
Income tax in respect of items that may be reclassified		0.1	0.1
Other comprehensive (expense)/income		(61.9)	46.4
Total comprehensive income		128.6	176.7

All amounts are attributable to shareholders of the Group and wholly derived from continuing operations.

Consolidated financial statements continued

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 \$m	2023 \$m
Assets			
Non-current assets			
Property, plant and equipment	8	502.6	473.8
Right-of-use assets	24	67.5	74.7
Intangible assets	9	805.9	935.3
Goodwill	9	1,290.2	1,298.8
Investment in financial assets	10	16.9	22.9
Deferred tax assets	6	22.7	21.2
Restricted cash	22	3.4	5.3
Other non-current receivables	12	12.5	11.7
		2,721.7	2,843.7
Current assets			
Inventories	11	349.6	396.1
Trade and other receivables	12	335.0	333.7
Current tax receivable		16.8	16.5
Derivative financial assets	23	18.4	13.6
Restricted cash	22	8.8	12.5
Cash and cash equivalents	22	64.7	97.6
		793.3	870.0
Total assets		3,515.0	3,713.7
Equity and liabilities			
Current liabilities			
Trade and other payables	13	382.7	388.7
Lease liabilities	24	22.0	20.7
Current tax payable		31.9	26.6
Derivative financial liabilities	23	18.1	16.7
Contingent consideration ¹	26	53.3	69.7
Provisions ¹	14	4.3	14.0
		512.3	536.4
Non-current liabilities			
Borrowings	21	1,122.8	1,226.9
Lease liabilities	24	56.8	64.8
Deferred tax liabilities	6	82.7	88.2
Contingent consideration ¹	26	17.0	68.3
Provisions ¹	14	3.5	3.0
Derivative financial liabilities	23	0.3	0.9
Other non-current liabilities	13	30.7	32.5
		1,313.8	1,484.6
Total liabilities		1,826.1	2,021.0
Net assets		1,688.9	1,692.7
Equity			
Share capital	17	251.5	251.5
Share premium	17	181.0	181.0
Own shares	17	(16.4)	(0.6)
Retained deficit		(828.4)	(888.7)
Merger reserve		2,098.9	2,098.9
Cumulative translation reserve		(169.5)	(122.2)
Other reserves	17	171.8	172.8
Total equity		1,688.9	1,692.7
Total equity and liabilities		3,515.0	3,713.7

1. The comparatives have been re-presented as outlined in Note 1.6 to the Consolidated Financial Statements.

The Consolidated Financial Statements of Convatec Group Plc, company number 10361298, were approved by the Board of Directors and authorised for issue on 25 February 2025 and signed on its behalf by:

Jonny Mason
Chief Financial Officer

Karim Bitar
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Notes	Share capital \$m	Share premium \$m	Own shares \$m	Retained deficit \$m	Merger reserve \$m	Cumulative translation reserve \$m	Other reserves \$m	Total \$m
At 1 January 2023		250.7	165.7	(1.5)	(892.2)	2,098.9	(177.1)	165.2	1,609.7
Net profit		-	-	-	130.3	-	-	-	130.3
Other comprehensive income/(expense):									
Foreign currency translation adjustment		-	-	-	-	-	54.9	-	54.9
Remeasurement of defined benefit pension plans, net of tax	15	-	-	-	-	-	-	(0.2)	(0.2)
Changes in fair value of cash flow hedges, net of tax		-	-	-	-	-	-	(0.5)	(0.5)
Changes in fair value of equity investments		-	-	-	-	-	-	(7.8)	(7.8)
Other comprehensive income/(expense)		-	-	-	-	-	54.9	(8.5)	46.4
Total comprehensive income/(expense)		-	-	-	130.3	-	54.9	(8.5)	176.7
Dividends paid	18	-	-	-	(110.7)	-	-	-	(110.7)
Scrip dividend	17, 18	0.8	15.3	-	(16.1)	-	-	-	-
Share-based payments	19	-	-	-	-	-	-	14.5	14.5
Share awards vested		-	-	0.9	-	-	-	1.5	2.4
Excess deferred tax benefit from share-based payments		-	-	-	-	-	-	0.1	0.1
At 31 December 2023		251.5	181.0	(0.6)	(888.7)	2,098.9	(122.2)	172.8	1,692.7
Net profit		-	-	-	190.5	-	-	-	190.5
Other comprehensive income/(expense):									
Foreign currency translation adjustment		-	-	-	-	-	(47.3)	-	(47.3)
Remeasurement of defined benefit pension plans, net of tax	15	-	-	-	-	-	-	(0.3)	(0.3)
Changes in fair value of cash flow hedges, net of tax	23	-	-	-	-	-	-	(8.3)	(8.3)
Changes in fair value of equity investments	10	-	-	-	-	-	-	(6.0)	(6.0)
Other comprehensive income/(expense)		-	-	-	-	-	(47.3)	(14.6)	(61.9)
Total comprehensive income/(expense)		-	-	-	190.5	-	(47.3)	(14.6)	128.6
Dividends paid	18	-	-	-	(130.2)	-	-	-	(130.2)
Purchase of shares by Employee Benefit Trust		-	-	(22.8)	-	-	-	-	(22.8)
Share-based payments	19	-	-	-	-	-	-	19.7	19.7
Share awards vested		-	-	7.0	-	-	-	(5.3)	1.7
Excess deferred tax benefit from share-based payments		-	-	-	-	-	-	(1.5)	(1.5)
Changes in fair value of cash flow hedges transferred to inventory	23	-	-	-	-	-	-	0.7	0.7
At 31 December 2024		251.5	181.0	(16.4)	(828.4)	2,098.9	(169.5)	171.8	1,688.9

Consolidated financial statements continued

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 \$m	2023 \$m
Cash flows from operating activities			
Net profit		190.5	130.3
Adjustments for:			
Depreciation of property, plant and equipment	8	40.6	37.5
Depreciation of right-of-use assets	24	23.2	22.7
Amortisation of intangible assets	9	157.0	154.6
Income tax	6	55.4	37.1
Non-operating income/(expense), net ¹	5	5.1	(11.5)
Fair value movement of contingent consideration	26	4.6	24.6
Finance costs, net	25	78.1	75.5
Share-based payments	19	19.8	14.6
Impairment of intangible assets	9	0.9	–
Impairment of property, plant and equipment	8	6.5	2.7
Impairment of right-of-use assets	24	0.3	1.9
Change in assets and liabilities:			
Inventories		27.5	(49.4)
Trade and other receivables		(26.9)	18.7
Other non-current receivables		–	(1.1)
Restricted cash		0.2	7.8
Trade and other payables		1.2	21.1
Provisions		(9.8)	4.8
Other non-current payables		1.3	(1.3)
Net cash generated from operations		575.5	490.6
Interest received		5.4	5.2
Interest paid		(84.5)	(70.8)
Payment of contingent consideration arising from acquisitions	26	(48.1)	(21.7)
Income taxes paid		(52.1)	(35.9)
Net cash generated from operating activities		396.2	367.4
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets	8, 9	(122.1)	(129.2)
Proceeds from sale of property, plant and equipment	8	2.7	0.6
Acquisitions, net of cash acquired	26	(13.6)	(84.4)
Payment of contingent consideration arising from acquisitions	26	(22.8)	(73.0)
Net cash inflow arising from divestitures		–	0.3
Investment in other financial assets		(5.0)	–
Net cash used in investing activities		(160.8)	(285.7)
Cash flows from financing activities			
Repayment of borrowings	21	(98.0)	–
Proceeds from borrowings	21	–	9.4
Payment of lease liabilities	24	(24.7)	(22.7)
Dividends paid	18	(130.2)	(110.7)
Purchase of own shares		(10.9)	–
Net cash used in financing activities		(263.8)	(124.0)
Net change in cash and cash equivalents		(28.4)	(42.3)
Cash and cash equivalents at beginning of the year	22	97.6	143.8
Effect of exchange rate changes on cash and cash equivalents		(4.5)	(3.9)
Cash and cash equivalents at end of the year	22	64.7	97.6

1. The comparatives have been re-presented as outlined in Note 1.6 to the Consolidated Financial Statements.

Notes to the consolidated financial statements

1. BASIS OF PREPARATION

This section describes the Group's material accounting policies that relate to the Consolidated Financial Statements and explains critical accounting judgements and estimates that management has identified as having a potentially material impact to the Group. Specific accounting policies relating to the Notes to the Consolidated Financial Statements are described within that note.

1.1 General information

Convatec Group Plc (the Company) is a public limited company incorporated in the United Kingdom under the Companies Act of 2006. The Company's registered office is 7th Floor, 20 Eastbourne Terrace, London, W2 6LG, United Kingdom.

The Consolidated Financial Statements have been prepared in accordance with United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

The Consolidated Financial Statements are presented in US dollars (USD), which is also the functional currency as the revenue and operating profits of the Company and its subsidiaries (collectively, the Group) are primarily generated in US dollars and US dollar-linked currencies. All values are rounded to \$0.1 million except where otherwise indicated.

Pages 7 and 8 in the Strategic report provide further detail of the Group's principal activities and nature of its operations.

1.2 Material accounting policies

The following material accounting policies apply to the Consolidated Financial Statements as a whole:

Basis of accounting and presentation

The consolidated financial information has been prepared on a historical cost basis, except for certain financial instruments where fair value has been applied. Historical cost is generally based on the value of the consideration given in exchange for goods.

Basis of consolidation

The Consolidated Financial Statements include the results of the Company and all of its subsidiary undertakings. Subsidiaries are entities controlled ultimately by the Company. Control exists when the Company ultimately: (i) has power over the investee; (ii) is exposed, or has rights, to variable returns from its involvement in the investee; and (iii) has the ability to use its power to affect its returns. The Company reassesses whether or not it ultimately controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The consolidated financial information of the Company's subsidiaries is included within the Group's Consolidated Financial Statements from the date that control commences until the date that control ceases and is prepared for the same year-end date using consistent accounting policies.

Going concern

As discussed in the Financial review on pages 22 to 27, the overall financial performance of the business remains very strong with a robust liquidity position.

In preparing their assessment of going concern, the Directors have considered available cash resources, financial actual and forecast performance, including strategy delivery, together with the Group's financial covenant compliance requirements and principal risks and uncertainties. The Group's liquidity remains strong as management continues to monitor its liquidity requirements to ensure there is sufficient cash to meet operational needs and maintain adequate headroom.

The Directors have used actual performance in 2024, the Board approved 2025 budget (and related cash flow forecasts) and longer-term strategic plan as foundations. The forecasts reflected the full potential funding requirements in relation to the remaining estimated contingent consideration payable in relation to the Group's acquisitions. The Directors have considered a going concern period to 30 June 2026, which is more than 12 months from the date of approval of the Consolidated Financial Statements.

In accordance with FRC guidance, management applied severe but plausible downside scenarios linked to the Group's principal and emerging risks, including supply chain disruption, cyber security disruption, significant regulatory breaches, financial market distress and geopolitical events. Scenarios combining certain risks were also considered. Further details of the specific scenarios are provided in the Viability statement on pages 82 to 83. The Board has reviewed these scenarios as part of the going concern assessment and has concluded that these scenarios are in line with the Group's principal and emerging risks and continue to reflect the potential financial risk of severe but plausible downside events and circumstances during the going concern period. Under each scenario, the Group is forecast to retain significant liquidity and covenant headroom throughout the going concern period.

A reverse stress test, before corporate level mitigations, was also considered to demonstrate what reduction in revenue would be required in the next 12 months to create conditions which may lead to a potential covenant breach. The outcome of this was considered implausible given the Group's strong global market position, diversified portfolio of products and the corporate mitigations available to the Board and management.

Accordingly, at the time of approving these Consolidated Financial Statements, the Directors have a reasonable expectation that the Group and the Company will have adequate liquid resources to meet their respective liabilities as they become due and will be able to sustain the Group's business model, strategy and operations and remain solvent for a period of at least 12 months from 25 February 2025.

Notes to the consolidated financial statements continued

1. BASIS OF PREPARATION (CONTINUED)

Foreign currency translation and transactions

Assets and liabilities of subsidiaries whose functional currency is not US dollars are translated into US dollars at the rate of exchange at the period end. Equity is translated into US dollars at historic rate. Income and expenses are translated into US dollars at the average rates of exchange prevailing during the year. Foreign currency gains and losses resulting from the translation of subsidiaries into US dollars are recognised in the Consolidated Statement of Comprehensive Income. Exchange differences arising from the translation of the net investment in foreign operations are taken to the cumulative translation reserve within equity. They are recycled and recognised in the Consolidated Income Statement upon disposal of the operation.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Any gain or loss arising from subsequent exchange rate movements is included as an exchange gain or loss in the Consolidated Income Statement.

1.3 Climate change

In preparing the consolidated financial statements, the Directors recognised the risk of climate change on the business and acknowledge that the Group must take appropriate action to mitigate and, where feasible, prevent further climate change impact. Further details are provided within the 'Responsible Business Review' and the 'Task Force on Climate-related Financial Disclosure' sections of the Annual Report and Accounts on pages 52 to 71. In addition, climate related risks have been considered within the 'Environment and Communities' principal risk and discussed in greater detail in the 'Principal Risks' section within the Annual Report and Accounts.

The Group does not believe that there is currently a material impact to judgements and estimates in relation to climate-related risks and, as a result, the valuation of assets and liabilities have not been significantly impacted as at 31 December 2024. Consideration was given to the financial reporting judgements and estimates in respect of the following areas:

- Estimates of future cash flows used in the impairment assessment of goodwill
- Valuation of the Group's assets and liabilities (including the useful economic life of property, plant and equipment and other intangible assets)
- Going concern and viability of the Group over the next three years (see Viability assessment on pages 82 to 83 of the Annual Report and Accounts)

Whilst there are currently no material changes or impact, management is aware of the variable risks that arise from climate change and will regularly assess these risks against judgement and estimates made in the preparation of the Group's consolidated financial statements, including their impacts on cash flows and the valuation of assets and liabilities.

1.4 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements, in conformity with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRS), requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported value of assets and liabilities, income and expense. Actual results may differ from these estimates or judgements of likely outcome. Management regularly reviews, and revises as necessary, the accounting judgements that significantly impact the amounts recognised in the Consolidated Financial Statements and the sources of estimation uncertainty that are considered to be key estimates due to their potential to give rise to material adjustments in the Group's Consolidated Financial Statements within the next financial year.

In preparing the Consolidated Financial Statements, management has determined that there are no areas of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year or critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the consolidated and company financial statements.

1.5 Accounting standards

New standards, interpretations and amendments applied for the first time

On 1 January 2024, the Group adopted the following amendments which are mandatorily effective for the period beginning 1 January 2024:

- *Liability in a Sale and Leaseback – Amendments to IFRS 16*
- *Classification of Liabilities as Current or Non-Current – Amendments to IAS 1*
- *Non-Current liabilities with Covenants – Amendments to IAS 1*
- *Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7*

The adoption during the year of the amendments and interpretations has not had a material impact on the Consolidated Financial Statements.

Apart from these changes, the accounting policies set out in the Notes have been applied consistently to both years presented in these Consolidated Financial Statements.

1. BASIS OF PREPARATION (CONTINUED)

New standards, interpretations and amendments not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

- *Lack of exchangeability – Amendment to IAS 21 (effective for the period beginning 1 January 2025)*
- *IFRS 18 – Presentation and Disclosures in Financial Statements (effective for the period beginning 1 January 2027)*
- *IFRS 19 – Subsidiaries without Public Accountability: Disclosures (effective for the period beginning 1 January 2027)*

The amendments to IAS 21 are not expected to have a material impact on the Group's financial statements.

The Group is currently working to identify all impacts that IFRS 18 will have on the primary financial statements and notes to the Group's consolidated financial statements.

As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19 for the purposes of the consolidated financial statements of the Group.

Other interpretations and amendments

In addition to these issued standards, there are a number of other interpretations, amendments and annual improvement project recommendations that have been issued but not yet effective that have not been adopted by the Group because application is not yet mandatory, or they are not relevant for the Group.

1.6 Prior year re-presentations

Certain lines in the primary statements have been disaggregated to provide greater clarity, and accordingly, the corresponding 2023 comparative amounts have been re-presented for consistency and comparability between periods.

Within the Consolidated Statement of Financial Position, contingent consideration of \$138.0 million (of which \$69.7 million was current and \$68.3 million was non-current) at 31 December 2023 is disclosed separately from provisions.

Within the Consolidated Statement of Cash Flows, the non-operating income for the year ended 31 December 2023 has been re-presented to be disclosed net of unrealised losses on derivatives of \$1.9 million. This was previously recognised separately as derivative financial assets (\$11.5 million) and derivative financial liabilities (\$13.4 million).

There is no impact on net profit, net assets, cash flows or any subtotals presented previously.

RESULTS OF OPERATIONS

This section includes disclosures explaining the Group's performance for the year, including segmental information, operating costs, other expenses, taxation and earnings per share.

2. REVENUE AND SEGMENTAL INFORMATION

2.1 Revenue recognition

The Group sells a broad range of products to a wide range of customers, including healthcare providers, patients and manufacturers. This note provides further information about how the Group generates revenue and when it is recognised in the Consolidated Income Statement.

Accounting policy

Revenue recognition

The Group measures revenue for goods sold based on the consideration specified in a contract with a customer, net of discounts, chargeback allowances and sales-related taxes. Revenue is recognised when control over a product is transferred to a customer, distributor or wholesaler, which is generally when goods have been delivered. Due to the short-term nature of the receivables from sale of goods, the Group measures them at the original transaction price without discounting.

Nature of goods

Advanced Wound Care, Ostomy Care, and Continence Care products are sold to pharmacies, hospitals and other acute and post-acute healthcare service providers directly or through distributors and wholesalers. Products are also sold directly to end customers (patients) through the Group's home services entities and a small number of clinical and retail outlets.

Infusion Care primarily serves business-to-business customers, consisting principally of the leading manufacturers for pumps for insulin and other medications.

In 2024 and 2023, no single customer generated more than 10% of the Group's revenue.

Notes to the consolidated financial statements continued

2. REVENUE AND SEGMENTAL INFORMATION (CONTINUED)**Accounting policy (continued)****Nature, timing of satisfaction of performance obligations**

Principally the Group's contracts with customers contain a single performance obligation, that is the delivery of products to customers. Revenue is typically recognised when the customer receives the product but is subject to the shipping terms in each individual contract. Where non-standard shipping arrangements exist, revenue is recognised when control of the goods has transferred. Allowances for returns, where the contract specifies these terms, are made at the point of sale.

For sales to distributors, revenue is recognised when title is transferred to the distributor and the distributor has assumed control, the timing of which depends on the contractual terms with each distributor. Chargeback allowances or contractual deductions relating to end-customer agreements, which may differ from distributor contracts, are made at the point of title transfer to the distributor. In certain European countries, rebates are provided to governments and are often mandated by laws or government regulations. These rebates are estimated based on government regulations and unbudgeted spending, laws and terms of individual rebate agreements, and are recorded as a deduction from revenue at the time the related revenue is recorded. The estimates are adjusted periodically to reflect actual experience.

When distributors buy products from the Group at a contract price and sell these products to end-customers at a price agreed with the Group that is lower than the distributors' list price, a chargeback may arise and a claim may be submitted to the Group by the distributor. The provision for chargebacks is based on expected sell-through levels by the Group's distributors to contracted customers, as well as estimated distributor inventory levels. Retrospective claims are reviewed against estimations to ensure provisions are regularly updated.

Volume discounts

The Group offers certain prospective volume discounts to customers who achieve a specified volume amount or value of purchases in any given year. Volume discounts that meet the definition of a material right are recognised as a separate performance obligation. Material rights are the option to purchase additional products at a discount which would not have been given had the contract not been entered into and are incremental to the range of discounts typically given for those goods to that class of customer.

The stand-alone selling price of these volume discounts is based on the discount that the customer would obtain when exercising the option, adjusted for any discount the customer could receive without exercising the option and the likelihood that the option will be exercised. The revenue allocated to volume discounts is short-term in nature and recognised proportionally to the pattern of options exercised by the customer or when the option expires.

Variable consideration

The transaction price for revenue recognised is the amount the Group expects to receive at the date of revenue recognition. In certain Group businesses, the transaction price is estimated based on the levels of rebates, discounts, allowances, product returns and consideration expected to be received. In estimating the amounts to be recognised, the Group assesses historical performance and collection patterns. The arrangements in different countries and with individual customers vary, but broadly they are all dependent upon interactions with the customer, including the submission of claims that can extend to up to 24 months after the initial point of revenue recognition. This can include factors outside the direct trading relationship with the customer such as reimbursement, retrospective rebate or other claims by an insurer, healthcare provider or governmental agency which are not the Group's direct customers and may also be impacted by the timing of when a product is used by a customer. Where there is variability in relation to the consideration that will ultimately be received from a customer, the Group estimates the amount of consideration to be recognised as revenue during the period using the expected value method, taking into account the nature of the customer, the contractual arrangements, and other circumstances where known and relevant. Revenue is not recognised in full until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Accruals and allocations against gross accounts receivables balances are recorded at the time of sales for the estimated rebates, chargebacks, retrospective discounts, other allowances and returns based on contractual obligations, historical experience and other information available at that point in time. Given the large number of variables involved in calculating these accruals it is not practicable to provide meaningful sensitivity analysis for the resultant accruals.

The nature of the estimations means that there is considerable variability in the ultimate outcomes when considered on an individual customer basis. As a result, the Group applies a limit on variable revenue consideration, in order to ensure that revenue is recognised at an appropriate level. The objective of the limit is to ensure that there is a low probability of a significant reversal of revenue when the uncertainties behind the estimations are resolved for the transactions of individual customers.

The limit is applied by making prudent estimates of the inputs and assumptions used in estimating the variable consideration. These estimates are driven by historical information, but also take into account the nature of customer and the specific contractual arrangements we have with them. The limit means that the risk of a material downward adjustment to revenue in future years as a result of the estimates made in the current year is very low.

2. REVENUE AND SEGMENTAL INFORMATION (CONTINUED)

2.2 Segment information

The Board considers the Group's business to be a single segment entity engaged in the development, manufacture and sale of medical products and technologies. R&D, manufacturing and central support functions are managed globally for the Group, supporting all categories of sales. Revenues are managed both on a category and regional basis. This note presents the performance and activities of the Group as a single segment.

Pages 14 to 21 of the Strategic report provide further detail of category revenue.

Convatec's Executive Leadership Team (CELT) is the Group's Chief Operating Decision Maker (CODM). The CODM is the function that allocates resources and evaluates the Group's global product portfolios on a revenue basis and evaluates profitability and associated investment on an enterprise-wide basis due to shared infrastructures and support functions between the categories. Group financial information is provided to CELT for decision-making purposes with revenue included by category as disclosed below. Resources are allocated on a Group-wide basis, with a focus on both category and the key markets but primarily based on the merits of individual proposals.

Revenue by category

The Group generates revenue across four major product categories. The following table sets out the Group's revenue for the year ended 31 December by category:

	2024 \$m	2023 \$m
Advanced Wound Care	742.7	695.3
Ostomy Care	634.0	608.3
Continence Care	501.4	457.2
Infusion Care	410.9	370.9
Revenue excluding hospital care exit	2,289.0	2,131.7
Revenue from hospital care exit	0.2	10.7
Total	2,289.2	2,142.4

Geographic information

Geographic markets

The following chart sets out the Group's revenue by geographic market in which third-party customers are located:

	2024 \$m	2023 \$m
Europe	661.1	647.8
North America	1,295.6	1,186.0
Rest of World (RoW) ¹	332.5	308.6
Total	2,289.2	2,142.4

1. Rest of World (RoW) comprises all countries in Asia Pacific, Latin America (including Mexico and the Caribbean), the Middle East (including Turkey) and Africa.

Geographic regions

The following table sets out the Group's revenue on the basis of where the legal entity generating the revenue resides, including countries representing over 10% of Group revenue and the UK, where the Group is domiciled:

	2024 \$m	2023 \$m
Geographic regions		
US	896.0	821.5
Denmark	400.2	375.5
UK	128.7	116.7
Other ²	864.3	828.7
Total	2,289.2	2,142.4

2. Other consists primarily of other countries in Europe, Asia-Pacific, Latin America and Canada.

The following table sets out the Group's long-lived assets by country in which the legal entity resides:

	2024 \$m	2023 \$m
Long-lived assets³		
US	1,189.8	1,285.9
UK	838.4	866.6
Denmark	280.5	274.4
Other	357.5	355.7
Total long-lived assets	2,666.2	2,782.6

3. Long-lived assets consist of property, plant and equipment, right-of-use assets, intangible assets and goodwill.

Notes to the consolidated financial statements continued

3. OPERATING COSTS

The Group incurs operating costs associated with the day-to-day operation of the business. These operating costs are deducted from revenue to calculate operating profit.

3.1 Operating profit

Operating profit is stated after deducting from revenue:

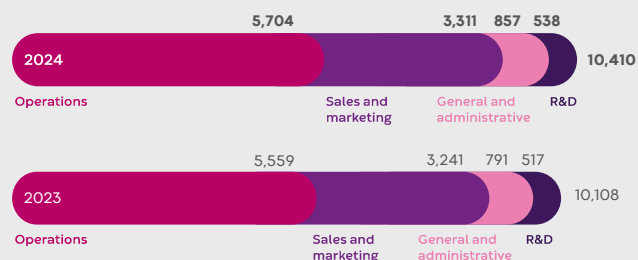
	Notes	2024 \$m	2023 \$m
Depreciation:			
Property, plant and equipment	8	40.6	37.5
Right-of-use assets	24	23.2	22.7
Amortisation of intangible assets	9	157.0	154.6
Impairment of intangible assets	9	0.9	–
Impairment of property, plant and equipment	8	6.5	2.7
Impairment of right-of-use assets	24	0.3	1.9
Amounts in respect of inventories included in cost of sales		856.1	794.4
Write-down of inventories		15.6	21.8
Lease expenses ¹	24	1.5	2.4
Staff costs:			
Wages and salaries		618.0	578.4
Share-based payment expense	19	19.8	14.6
Social security costs		94.9	77.3
Defined contribution plans post-employment costs		27.7	23.7
Defined benefit plans pension costs	15	1.2	1.4
Recruitment and other employment-related fees		5.6	5.9
Total staff costs		767.2	701.3

1. Lease expense comprises the costs in respect of low-value leases and short-term leases. Refer to accounting policy in Note 24 – Leases.

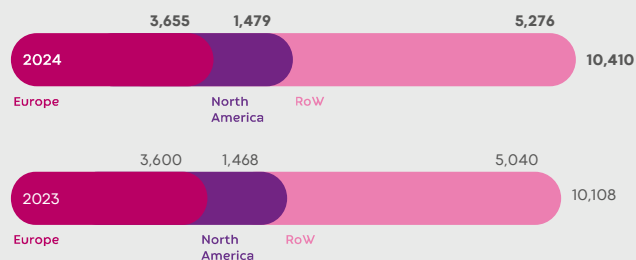
The remuneration of the Executive Directors, which is set out on pages 114 to 144, has been audited and is included within staff costs and forms part of these Consolidated Financial Statements.

3.2 Employee numbers

The average number of the Group's employees by function:



The average number of the Group's employees by location²:



2. North America comprises the United States and Canada, and Rest of World (RoW) comprises all countries in Asia Pacific, Latin America (including Mexico and the Caribbean), the Middle East (including Turkey) and Africa.

The total number of employees as at 31 December 2024 was 10,483 (2023: 10,129).

3. OPERATING COSTS (CONTINUED)

3.3 Auditor's remuneration

The total remuneration of the Group's auditor, Deloitte LLP, for services provided to the Group during the year ended 31 December is analysed below:

	2024 \$m	2023 \$m
Fees for audit services		
The audit of the Company and Group financial statements	1.8	1.6
The audit of the accounts of the Company's subsidiaries ¹	3.1	3.3
Total fees for audit services	4.9	4.9
Fees for non-audit services		
Audit-related assurance services	0.2	0.2
Other non-audit services	0.1	0.1
Total fees for non-audit services	0.3	0.3
Total auditor remuneration	5.2	5.2

1. Included in the \$3.1 million for the audit of the Company's subsidiaries in 2024 is \$0.3 million in respect of additional fees charged for the 2023 statutory audits.

A description of the work performed by the Audit and Risk Committee to safeguard auditor independence when non-audit services are provided is set out in the Audit and Risk Committee report on page 112.

4. OTHER OPERATING EXPENSES

Other operating expenses were as follows:

	2024 \$m	2023 \$m
Impairment of intangible assets	0.7	–
Impairment of property, plant and equipment and right-of-use assets	6.1	2.5
Other operating expenses	6.8	2.5

Other operating expenses in the year of \$6.8 million consisted of \$6.1 million of impairments in respect of property, plant and equipment and right-of-use assets and a \$0.7 million impairment of intangible assets as a result of the Group's transformation projects (2023: \$2.9 million). The prior year also included a \$0.4 million reversal of impairment of property, plant and equipment.

5. NON-OPERATING INCOME, NET

Non-operating income, net was as follows:

	Notes	2024 \$m	2023 \$m
Net foreign exchange (loss)/gain ²		(18.1)	3.7
Gain/(loss) on foreign exchange forward contracts	23	25.8	(4.3)
(Loss)/gain on foreign exchange cash flow hedges	23	(4.3)	0.8
Gain on divestiture		–	3.9
Other non-operating income		0.3	0.7
Non-operating income, net³		3.7	4.8

- The foreign exchange loss in 2024 primarily relates to the foreign exchange impact on intercompany transactions, including loans transacted in non-functional currencies. The Group uses foreign exchange forward contracts to manage these exposures in accordance with the Group's foreign exchange risk management policy.
- Of the total non-operating income of \$3.7 million (2023: \$4.8 million), \$8.8 million relates to the realised gain arising from the settlement of FX derivatives (2023: \$6.7 million realised loss), which has not been reflected in the adjustments to derive net cash generated from operations on the Consolidated Statement of Cash Flows.

Notes to the consolidated financial statements continued

6. INCOME TAXES

The note below sets out the current and deferred tax charges, which together comprise the total tax expense in the Consolidated Income Statement. The deferred tax section of the note also provides information on expected future tax charges or benefits and sets out the deferred tax assets and liabilities held across the Group.

Accounting policy

The tax expense represents the sum of current and deferred tax.

Current tax

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of prior years. Taxable profit differs from profit before income taxes because taxable profit excludes items that are either never taxable or tax deductible or items that are taxable or tax deductible in a different period.

Deferred tax

Deferred tax is recognised using the balance sheet liability method for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences:

- On the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Arising on the initial recognition of goodwill; and
- On investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to temporary differences when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Current tax and deferred tax for the year

Current tax and deferred tax are recognised in the Consolidated Income Statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Tax provisions

The Group is subject to income taxes in numerous tax jurisdictions. Judgement is sometimes required in determining the worldwide provision for income taxes. There may be transactions for which the ultimate tax determination is uncertain and may be challenged by the tax authorities. The Group recognises liabilities for anticipated or actual tax audit issues based on estimates of whether additional taxes will be due. Where an outflow of funds to a tax authority is considered probable and the Group can make a reliable estimate of the outcome of the issue, management calculates the provision for the best estimate of the liability. In assessing its uncertain tax provisions, management takes into account the specific facts of each issue, the likelihood of settlement and the input of professional advice where required. The Group assumes that where a tax authority has a right to examine amounts reported to it, they will do so and will have full knowledge of all relevant information. Where the ultimate liability as a result of an issue varies from the amounts provided, such differences could impact the current and deferred tax assets and liabilities in the period in which the matter is concluded.

6. INCOME TAXES (CONTINUED)

6.1 Taxation

The Group's income tax expense is the sum of the total current and deferred tax expense.

	2024 \$m	2023 \$m
Current tax		
UK corporation tax	2.1	–
Overseas taxation	66.0	46.1
Adjustment to prior years	(4.2)	(5.5)
Total current tax expense	63.9	40.6
Deferred tax		
Origination and reversal of temporary differences	(4.6)	2.0
Change in tax rates	3.6	1.6
Adjustment to prior years	(7.2)	(4.5)
Benefit from previously unrecognised tax losses	(0.3)	(2.6)
Total deferred tax benefit	(8.5)	(3.5)
Income tax expense	55.4	37.1

In 2023, the deferred tax movement included a net tax benefit of \$15.1 million following the successful resolution of an uncertain tax position.

6.2 Reconciliation of effective tax rate

The effective tax rate for the year ended 31 December 2024 was 22.5% (2023: 22.2%).

Tax reconciliation to UK statutory rate

The table below reconciles the Group's profit before income taxes at the UK statutory rate to the Group's total income tax expense:

	2024 \$m	2023 \$m
Profit before income taxes	245.9	167.4
Profit before income taxes multiplied by rate of corporation tax in the UK of 25.0% (2023: 23.52%)	61.5	39.4
Difference between UK and overseas tax rates ¹	(0.3)	1.6
Non-deductible/non-taxable items	5.2	7.2
Change in recognition of deferred tax assets	–	2.6
Recognition of previously unrecognised US deferred tax assets	–	(2.6)
Movement in provision for uncertain tax positions	3.7	(17.5)
Other ²	(14.7)	6.4
Income tax expense and effective tax rate	55.4	37.1
	22.5%	22.2%

1. This includes changes in tax rates based on substantively enacted legislation across various tax jurisdictions as of 31 December.

2. Includes the release of a \$2.9 million tax liability relating to restructuring activities in Switzerland and the \$11.4 million impact of prior year corporate income tax filings.

The Group has worldwide operations and therefore is subject to several factors that may affect future tax charges, principally the levels and mix of profitability in different tax jurisdictions, transfer pricing regulations, tax rates imposed and tax regime reforms. The calculation of the Group's tax expense involves a degree of estimation and judgements in respect of certain items for which the tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority, specifically in relation to open tax and transfer pricing matters. Due to the high volume of intercompany transactions, the Group's evolving business model and the increasing complexity in interaction between multiple tax laws and regulations, transfer pricing requires judgement in determining the appropriate allocation of profits between jurisdictions. The Group assessed the impact of ongoing changes to the Group's operating model, the supporting documentation for the tax and transfer pricing positions, existing tax authority challenges, and the likelihood of new challenges by tax authorities.

The Group continues to believe it has made adequate provision for uncertain tax positions on open issues in accordance with IFRIC 23 Uncertainty over Income Tax Treatments. The ultimate liability for such matters may vary from the amounts provided and is dependent upon the outcome of discussions with relevant tax authorities or, where applicable, appeal proceedings. The movement includes resolutions of uncertain tax positions in the year.

The Group has applied the temporary exception as detailed in the IASB announcement "International Tax Reform – Pillar Two Model Rules", which amended IAS 12 *Income Taxes*, and therefore has not recognised nor disclosed information about deferred tax assets and liabilities related to Pillar Two income taxes.

Notes to the consolidated financial statements continued

6. INCOME TAXES (CONTINUED)

6.3 Deferred tax

The components of deferred tax assets and liabilities at 31 December were as follows:

	2024 \$m	2023 \$m
Deferred tax assets	22.7	21.2
Deferred tax liabilities	(82.7)	(88.2)
	(60.0)	(67.0)

6.4 Movement in deferred tax assets and liabilities

Deferred tax is measured on the basis of the tax rates enacted or substantively enacted at the reporting date. The movements in the deferred tax assets and liabilities were as follows:

	Inventory \$m	Tax losses \$m	PP&E \$m	Intangibles \$m	Interest \$m	Other \$m	Total \$m
At 1 January 2023	3.3	90.1	(3.5)	(217.6)	28.4	42.7	(56.6)
Recognised in income statement	6.4	(13.0)	(1.7)	11.0	7.6	(6.8)	3.5
Recognised in other comprehensive income	-	-	-	-	-	0.7	0.7
Acquisitions	-	-	-	(13.1)	-	-	(13.1)
Foreign exchange	(0.1)	0.4	(0.2)	(3.1)	0.5	1.0	(1.5)
At 31 December 2023	9.6	77.5	(5.4)	(222.8)	36.5	37.6	(67.0)
Recognised in income statement	3.6	(34.4)	0.6	31.1	1.4	6.2	8.5
Recognised in other comprehensive income	-	-	-	-	-	(1.6)	(1.6)
Acquisitions	-	-	-	(0.3)	-	-	(0.3)
Foreign exchange	-	(0.6)	0.8	1.2	(0.8)	(0.2)	0.4
At 31 December 2024	13.2	42.5	(4.0)	(190.8)	37.1	42.0	(60.0)

Net deferred tax liabilities provided in relation to intangible assets are predominantly in respect of temporary differences arising on assets and liabilities acquired as part of business combinations. An amount relating to deductible tax amortisation of intangible assets of \$135.3 million that is not expected to reverse due to anticipated restructuring of the Group's activities (2023: \$145.9 million) is not recognised.

Net deferred tax assets recognised in relation to tax losses are predominantly in respect of the US. Deferred tax assets on foreign tax credits of \$0.4 million remain unrecognised in the US based on forecasts of suitable future taxable profit and they are due to expire within five years (2023: \$2.4 million).

Deferred tax on inventory predominantly relates to a deferred tax asset recognised on intra-Group profits arising on intercompany inventory that are eliminated in the Consolidated Financial Statements. As intra-Group profits are not eliminated from the individual entities' tax returns, a temporary difference arises and will reverse when the inventory is sold externally.

Other net temporary differences include accrued expenses, employee costs and pensions, for which a tax deduction is only available on a paid basis, research and development expenses, unremitted earnings and share-based payments.

To the extent that dividends remitted from overseas subsidiaries and branches are expected to result in additional taxes, appropriate amounts have been provided for. Deferred tax is not provided on temporary differences of \$417.1 million in the year to 31 December 2024 (2023: \$381.2 million) arising on unremitted earnings as management has the ability to control any future reversal and does not consider such a reversal in the foreseeable future to be probable.

6.5 Unrecognised tax losses carried forward

Deferred tax assets are only recognised where it is probable that future taxable profits will be available to utilise the tax losses. The following table shows the unrecognised tax losses carried forward, including anticipated period of expiration:

	2024 Losses \$m	2023 Losses \$m
Trading and capital losses expiring:		
Within five years	1.3	2.2
Between five to ten years	-	0.5
Unlimited	925.4	961.6
Total	926.7	964.3

The Group has Luxembourg tax losses of \$911.3 million (2023: \$944.5 million) which are not recognised and will not expire. The movement in Luxembourg tax losses not recognised is mainly attributable to foreign exchange differences.

7. EARNINGS PER SHARE

Basic earnings per share is calculated based on the Group's net profit for the year attributable to shareholders divided by the weighted average number of ordinary shares in issue during the year. The weighted average number of shares is net of shares purchased by the Group and held as own shares.

Diluted earnings per share take into account the dilutive effect of all outstanding share options priced below the market price in arriving at the number of shares used in its calculation.

	2024	2023
Net profit attributable to the shareholders of the Group (\$m)	190.5	130.3
Basic weighted average ordinary shares in issue (number)	2,047,643,498	2,038,653,228
Dilutive impact of share awards (number)	9,153,919	13,936,032
Diluted weighted average ordinary shares in issue (number)	2,056,797,417	2,052,589,260
Basic earnings per share (cents per share)	9.3¢ per share	6.4¢ per share
Diluted earnings per share (cents per share)	9.3¢ per share	6.3¢ per share

The calculation of diluted earnings per share does not contain any share options that were non-dilutive for the year, because the average market price of the Group's ordinary shares exceeded the exercise price (2023: average market price of the Group's ordinary shares exceeded the exercise price).

OPERATING ASSETS AND LIABILITIES

This section set outs the assets and liabilities that the Group holds in order to operate the business on a day-to-day basis, including long-term assets which generate future revenues and profits for the Group.

Liabilities relating to the Group's financing activities are addressed in "Capital structure and financial costs".

8. PROPERTY, PLANT AND EQUIPMENT

The Group invests in buildings, equipment and manufacturing machinery to operate the business and to generate revenue and profits. Assets are depreciated over their estimated useful economic life reflecting the reduction in value of the asset due, in particular, to wear and tear.

Accounting policy

Property, plant and equipment (PP&E) are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of an asset including subsequent additions and improvements when it is probable that future economic benefit associated with the item will flow to the Group and the cost can be reliably measured.

Depreciation is provided using a straight-line method from the point an asset becomes available for use. Depreciation is calculated to reduce the asset's cost to its residual value over the asset's estimated useful economic life. Assets are depreciated as follows:

Asset category	Useful life
Land	not depreciated
Land improvements	15 to 40 years
Leasehold improvements	shorter of useful life or lease tenure
Buildings	15 to 50 years
Machinery, equipment and fixtures	3 to 20 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds, less any selling expenses, and the carrying amount of the asset. This difference is recognised in the Consolidated Income Statement.

Assets under construction reflects the cost of construction or improvement of items of PP&E that are not yet available for use. Assets under construction are not depreciated whilst under construction and depreciation commences once the asset is completed and ready for use. Finance costs incurred in the construction of assets that take more than one year to complete are capitalised using the Group's weighted average borrowing cost during the period in which the asset is under construction. Capitalisation of finance costs ceases when the asset becomes available for use.

Consideration of useful economic lives

The assets' residual values, depreciation methods and useful economic lives are reviewed annually and adjusted if appropriate.

Impairment of assets

The carrying values of PP&E are reviewed for indicators of impairment annually or when events or changes in circumstances indicate the carrying value may be impaired. If any such indication exists, the recoverable amount of the asset is estimated, being the higher of an asset's fair value less costs to sell and the net present value of its expected pre-tax future cash flows (value in use).

When an asset's recoverable amount falls below its carrying value, an impairment is charged to the Consolidated Income Statement.

Notes to the consolidated financial statements continued

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The movement in the carrying value of each major category of PP&E is as follows:

	Land & land improvements \$m	Building, building equipment and leasehold improvements \$m	Machinery, equipment and fixtures \$m	Assets under construction \$m	Total \$m
Cost					
1 January 2023	14.2	135.2	481.2	143.7	774.3
Additions	–	2.1	34.5	60.7	97.3
Arising from acquisitions	–	–	1.1	–	1.1
Disposals ¹	–	(3.3)	(24.4)	–	(27.7)
Transfers	1.7	31.9	31.4	(65.0)	–
Foreign exchange	0.5	7.9	13.7	5.6	27.7
31 December 2023	16.4	173.8	537.5	145.0	872.7
Additions	–	2.3	2.7	97.3	102.3
Disposals ¹	(1.1)	(5.4)	(9.6)	(0.2)	(16.3)
Transfers	–	17.5	48.5	(66.0)	–
Foreign exchange	(0.4)	(10.7)	(21.5)	(7.2)	(39.8)
31 December 2024	14.9	177.5	557.6	168.9	918.9
Accumulated depreciation					
1 January 2023	1.0	55.3	317.6	–	373.9
Depreciation	0.1	7.6	29.8	–	37.5
Arising from acquisitions	–	–	0.7	–	0.7
Disposals ¹	–	(3.1)	(24.0)	–	(27.1)
Impairment	–	1.2	1.5	–	2.7
Foreign exchange	–	2.5	8.7	–	11.2
31 December 2023	1.1	63.5	334.3	–	398.9
Depreciation	0.1	8.9	31.6	–	40.6
Disposals ¹	–	(4.0)	(9.6)	–	(13.6)
Impairment	–	1.6	4.9	–	6.5
Foreign exchange	–	(3.1)	(13.0)	–	(16.1)
31 December 2024	1.2	66.9	348.2	–	416.3
Net carrying amount					
31 December 2023	15.3	110.3	203.2	145.0	473.8
31 December 2024	13.7	110.6	209.4	168.9	502.6

1. Assets with a net book value of \$2.7 million (2023: \$0.6 million) were sold during the year, with sale proceeds of \$2.7 million (2023: \$0.6 million).

9. INTANGIBLE ASSETS AND GOODWILL

9.1 Intangible assets

The Group's intangible assets are those that have been recognised at fair value as part of business combinations, investment in product development and software purchased to support business operations. These are assets that are not physical in nature but can be sold separately or arise from legal rights.

Accounting policy

Recognition

Measurement on initial recognition of intangible assets is determined at cost for assets acquired by the Group and at fair value at the date of acquisition if acquired in business combinations. Following initial recognition of the intangible asset, the asset is carried at cost less any subsequent accumulated amortisation and accumulated impairment losses.

Purchased computer software and certain costs of information technology are capitalised as intangible assets. Software that is integral to purchased computer hardware is capitalised as PP&E.

The Group accounts for its software-as-a-service (SaaS) arrangements by applying the guidance in the 2021 IFRIC agenda decision to determine whether the configuration and customisation expenditure gives rise to an asset, including whether the Group has control of the software that is being configured or customised or whether the configuration or customisation activities create a resource controlled by the Group that is separate from the software and can be transferred to another provider.

Where the recognition criteria of IAS 38 *Intangible Assets* are satisfied, including configuration and customisation costs which are distinct and within the control of the Group, these are capitalised and carried at cost less any accumulated amortisation and impairment, and amortised on a straight-line basis over the period which the developed software is expected to be used. Where these recognition criteria are not met, the Group recognises configuration and customisation costs, along with the ongoing fees to obtain access to the SaaS provider's application software, as operating expenses as the services are received.

R&D

R&D expenses are comprised of all activities involving investigative, technical and regulatory processes related to obtaining appropriate approvals to market our products. It also includes new product development aimed at developing more sustainable product portfolios for the longer term, as mentioned within the Responsible Business review section (refer to page 41). Costs include payroll, clinical manufacturing and pre-launch clinical trial costs, manufacturing development and scale-up costs, product development, regulatory costs including costs incurred to comply with legislative changes, contract services and other external contractors costs, research licence fees, depreciation and amortisation of laboratory facilities, and laboratory supplies.

Research costs are expensed as incurred. Development costs are capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and use or sell the asset. Subsequent to initial recognition, development costs are measured at cost less accumulated amortisation and any accumulated impairment losses. Upgrades and enhancements are capitalised to the extent they will result in added functionality and probable future economic benefits.

Amortisation

Intangible assets with an indefinite life are not amortised. Amortisation of intangible assets with a finite life is calculated using the straight-line method based on the following estimated useful lives:

Asset category	Useful life
Product-related	3 to 20 years
Capitalised software	3 to 10 years
Customer relationships and non-compete agreements	2 to 20 years
Trade names – finite	2 to 10 years
Trade names – indefinite	Indefinite
Development costs	5 years

Assets under construction reflects the cost of development or improvement of intangible assets that are not yet available for use.

Impairment of assets

Intangible assets with finite life are reviewed for indicators of impairment at each reporting period or when events or changes in circumstances indicate the carrying value may be impaired. If any such indication exists, the recoverable amount of the asset is estimated, being the higher of an asset's fair value less costs to sell and the net present value of its expected pre-tax future cash flows (value in use).

When an asset's recoverable amount falls below its carrying value, an impairment is charged to the Consolidated Income Statement.

Refer to Note 9.3 – Cash Generating Unit (CGU) impairment review for consideration of impairment of indefinite-lived intangible assets.

Notes to the consolidated financial statements continued

9. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

The movement in the carrying value of each major category of intangible assets is as follows:

	Product-related \$m	Capitalised software ¹ \$m	Customer relationships and non- complete agreements \$m	Trade names \$m	Development cost \$m	Assets under construction \$m	Total \$m
Cost							
1 January 2023	2,120.5	130.4	324.4	262.8	11.0	35.5	2,884.6
Additions	–	2.0	–	–	–	35.6	37.6
Arising from acquisitions	112.5	–	4.3	–	–	–	116.8
Write-offs	–	(1.1)	–	–	–	–	(1.1)
Transfers	1.5	39.8	–	–	–	(41.3)	–
Foreign exchange	35.6	2.5	3.0	0.4	0.3	1.0	42.8
31 December 2023	2,270.1	173.6	331.7	263.2	11.3	30.8	3,080.7
Additions	1.0	3.6	–	–	–	26.8	31.4
Arising from acquisitions ²	–	–	1.0	0.3	–	–	1.3
Write-offs	(12.8)	–	–	–	–	–	(12.8)
Transfers	11.3	24.7	–	–	–	(36.0)	–
Foreign exchange	(13.3)	(1.2)	(5.8)	(1.0)	(0.7)	(0.6)	(22.6)
31 December 2024	2,256.3	200.7	326.9	262.5	10.6	21.0	3,078.0
Accumulated amortisation							
1 January 2023	1,622.0	92.8	223.5	11.1	10.3	–	1,959.7
Amortisation	114.5	16.3	22.3	1.1	0.4	–	154.6
Write-offs	–	(1.1)	–	–	–	–	(1.1)
Foreign exchange	28.2	0.7	3.0	–	0.3	–	32.2
31 December 2023	1,764.7	108.7	248.8	12.2	11.0	–	2,145.4
Amortisation	117.3	20.1	18.9	0.4	0.3	–	157.0
Write-offs	(12.8)	–	–	–	–	–	(12.8)
Impairment	–	0.2	0.7	–	–	–	0.9
Foreign exchange	(11.4)	(0.4)	(5.9)	–	(0.7)	–	(18.4)
31 December 2024	1,857.8	128.6	262.5	12.6	10.6	–	2,272.1
Net carrying amount							
31 December 2023	505.4	64.9	82.9	251.0	0.3	30.8	935.3
31 December 2024	398.5	72.1	64.4	249.9	–	21.0	805.9

1. Capitalised software is in respect of purchased and internally generated software.

2. Acquisitions comprise assets in relation to the acquisition of Livramedom. See Note 26 – Acquisitions.

Amortisation expenses in respect of finite-lived intangible assets for the year ended 31 December were as follows:

	2024 \$m	2023 \$m
Cost of sales	111.4	112.4
Selling and distribution expenses	5.0	3.6
General and administrative expenses	32.4	31.0
Research and development expenses	8.2	7.6
Total amortisation expense	157.0	154.6

The carrying amount of trade names with indefinite life at 31 December 2024 was \$248.4 million (2023: \$249.4 million). Each of these trade names is considered to have an indefinite life, given the strength and durability of the current trade name and the level of marketing support. The trade names are in relatively similar stable and profitable market sectors, with similar risk profiles, and their size, diversification and market shares of the products to which the trade names relate mean that the risk of market-related factors causing a reduction in the lives of the trade names is considered to be relatively low. The Group is not aware of any material legal, regulatory, contractual, competitive, economic or other factor which could limit their useful lives.

Individual intangible assets with a carrying amount in excess of 10% of the total intangible asset carrying amount were as follows:

	2024 \$m	2023 \$m	Remaining life
Trade names			
Convatec trade name	234.6	234.6	Indefinite
Product-related			
InnovaMatrix™	123.5	134.5	11.3 years
NextGen Antimicrobial platform	98.7	107.0	13.3 years

9. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

9.2 Goodwill

The Group recognises goodwill resulting from business combinations where there are future economic benefits from assets which cannot be individually separated and recognised. Goodwill represents the amount paid in excess of the fair value of the net assets of the acquired business.

Accounting policy

Refer to Note 1 – Basis of preparation for the Group accounting policy in relation to the initial valuation and recognition of goodwill arising from acquisitions.

Goodwill is not subject to amortisation but is tested for impairment annually or when events or changes in circumstances indicate the carrying value may be impaired. Impairment losses recognised in respect of goodwill cannot be reversed. Refer to Note 9.3 – Cash Generating Unit (CGU) impairment review for consideration of impairment of goodwill.

Goodwill is denominated in the functional currency of the acquired entity and revalued to the closing exchange rate at each reporting period date.

The changes in the carrying value of goodwill as at 31 December were as follows:

	Total \$m
1 January 2023	1,224.6
Arising from acquisitions	45.9
Foreign exchange	28.3
31 December 2023	1,298.8
Arising from acquisitions (Note 26)	11.5
Foreign exchange	(20.1)
31 December 2024	1,290.2

9.3 Cash generating unit (CGU) impairment review

An impairment assessment is required to be performed annually for goodwill and indefinite-lived intangibles or when events or changes in circumstances indicate the carrying value may be impaired. An impairment is a reduction in the recoverable amount of an asset compared to the carrying value of the asset. Recoverable amount is the higher of value in use and fair value less costs to sell.

This note provides details of the annual impairment assessment that has been performed.

Accounting policy

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Additionally, goodwill arising from a business combination is allocated to a CGU or groups of CGUs that are expected to benefit from the synergies of the combination. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

The recoverable amounts of the CGUs are determined based on value in use calculations, which reflect the estimated future cash flows of each CGU discounted by an estimated weighted average cost of capital that represents the rate of return an outside investor would expect to earn. This discount rate is based on the weighted average cost of capital for comparable public companies and is adjusted for risks specific to the CGU including differences in risk due to its size, geographic concentration and trading history.

Future cash flows are determined using the latest available Board-approved forecasts and strategic plans. These forecasts and strategic plans are based on specific assumptions for each CGU during the five-year planning period with respect to revenue, results of operations, working capital, capital investments and other general assumptions for the projected period. The forecast assumptions that derive the future cash flows are based on the historical results of each CGU combined with external market information and defined strategic initiatives.

If identified, impairment losses are recognised in the Consolidated Income Statement. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the remaining assets in the CGU, on a pro-rated basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The Group has not recognised any reversal of previous impairments in either 2024 or 2023.

The CGUs identified by management are consistent with the four categories within the Group that generate cash inflows which are largely independent of each other. These are Advanced Wound Care, Ostomy Care, Continence Care and Infusion Care. The Group continues to operate under the same operating model as prior year and determined that there has not been any triggers for a change in CGU groups. Profitability continues to be assessed on a consolidated basis, and management's focus is predominantly category revenue and key market focus. Goodwill is allocated to these CGUs, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Notes to the consolidated financial statements continued

9. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Goodwill and intangible assets with an indefinite life (trade names) are allocated to the Group's CGU groups as at 31 December as follows:

	Goodwill		Indefinite-lived intangible assets	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
CGU groups				
Advanced Wound Care	518.3	523.7	104.8	104.8
Ostomy Care	152.7	154.3	91.2	91.2
Continence Care	540.8	535.0	41.2	41.2
Infusion Care	78.4	85.8	11.2	12.2
Total	1,290.2	1,298.8	248.4	249.4

Determining the estimated recoverable amount of a CGU group is judgemental in nature. The key input used in the estimation of value in use as at 31 December 2024 is the Group's five-year Board approved strategic plan, with key assumptions including forecast sales growth rates, terminal value growth rate and discount rates. Forecast sales growth rates are based on past experience adjusted for macroeconomic activity, sector market growth forecasts, competitor activity and strategic decisions made in respect of each CGU group.

The terminal value growth rate and discount rates used were as follows:

	2024	2023
	%	%
Discount rate (pre-tax)¹		
CGU groups		
Advanced Wound Care	10.6	14.5
Ostomy Care	10.6	13.5
Continence Care	10.0	12.0
Infusion Care	10.2	13.5
Terminal value growth rate²	2.0	2.0

1. The discount rate is based on the weighted average cost of capital for comparable public companies and is adjusted for risks specific to the CGU group including differences in risk due to its size, geographic concentration and trading history.

2. The estimated terminal value growth rate for the CGU groups is a prudent estimate based on expectations concerning the growth trends of the CGU groups and taking into account global gross domestic product growth, general long-term inflation and population expectations.

Discount rates have seen a decrease year-on-year, primarily attributable to a reduction in risk-free rates.

No impairments have been recognised in respect of the Group's current CGU groups for the years ended 31 December 2024 and 2023.

Taking into consideration the Board-approved 2025 budget and longer-term strategic plan as foundations, sensitivity analysis was performed considering changes in key assumptions including discount rates and terminal value growth rate and consideration of risk-based severe but plausible downside scenarios consistent with those identified as part of the Viability assessment (refer to page 83 for full details of scenarios). As part of the assessment, an external benchmarking assessment was also carried out on the forecast sales growth rates.

Under all severe but plausible scenarios, headroom remained on all CGU groups, demonstrating that the impairment of goodwill and indefinite-lived intangible assets is not a key source of estimation uncertainty and any possible impairment would not result in a material adjustment in the next financial year.

10. INVESTMENT IN FINANCIAL ASSETS**Accounting policy**

Investment in financial assets comprise of non-current equity investments which are initially recorded at fair value plus any directly attributable transaction costs and subsequently recognised at fair value at each balance sheet date.

Unrealised gains and losses are recognised in other comprehensive income.

On disposal of the equity investment any gains and losses that have been deferred in other comprehensive income are transferred directly to retained earnings.

Dividends on equity investments are recognised in the income statement when the Group's right to receive payment is established, it is probable the economic benefits will flow to the entity and the amount can be measured reliably.

The investment is in relation to the Group's investment in BlueWind Medical Limited in 2022 and the Group considers this investment to be strategic in nature and it is not held for trading.

The Group made an irrevocable election on initial recognition that changes in the fair value of the investment would be recognised in other comprehensive income. It was initially recorded at fair value plus transaction costs and will be remeasured to fair value at subsequent reporting dates. The fair value of the investment at 31 December 2024 was \$16.9 million (31 December 2023: \$22.9 million), with the movement of \$6.0 million taken to the Consolidated Statement of Other Comprehensive Income. No dividends were recognised during the period.

10. INVESTMENT IN FINANCIAL ASSETS (CONTINUED)

In line with IFRS 13 *Fair Value Measurement*, this investment has been classified as Level 3 in the fair value hierarchy as its measurement is derived from significant unobservable inputs by reference to available information, including the current market value of similar instruments, recent financing rounds and discounted cash flows of the underlying net assets.

The fair value of the investment has been determined by a third party, and confirmed by management, by using an average of three valuation methodologies, those being the precedent transaction method, the income approach method and the probability-weighted expected return model. The table below summarises the various methodologies used by the Group to fair value the investment, the inputs and the sensitivities applied.

Methodology	Inputs	Sensitivity applied to input	
		Low range	High range
Precedent transaction method/Price of recent investment	Change in market multiples (decrease of 45% to 55%)	Decrease of 5% to 60%	Increase of 5% to 40%
The initial transaction involving BlueWind Medical itself was the most relevant starting point and then this was calibrated by considering exogenous and idiosyncratic factors to apply a discount or uplift as applicable.			
Income approach method (discounted cash flow analysis)	Internal cash flow projections	+2.5% on the alpha	-2.5% on the alpha
Provides an estimation of the value of an asset based on expectations about the cash flows that an asset would generate over time, discounted at the appropriate rate of return.	Discounted at weighted average cost of capital (WACC) appropriate for the risk of achieving the projected cash flows of 28.6%		
	The final year of projections has been extrapolated using a reasonable long term growth rate (LTGR) of 2%.		
Probability-weighted expected return model ("PWERM")	Discounted at cost of equity of 31.5%	+2% to discount rate	-2% to discount rate
Assesses multiple scenarios for the future proceeds to be received by the holders of the shares and weighting them according to their relative probability of occurring. The PWERM is a market approach based on comparable companies' market multiples.			
Fair value measurement		\$13.4m	\$20.1m

The impact of applying these sensitivities across the three methodologies would result in a fair value measurement range of \$13.4 million to \$20.1 million, with a mid-point range of \$16.7 million, which is in line with the fair value recognised at year end.

11. INVENTORIES

Inventories are the materials used in manufacturing, products manufactured or purchased to be sold by the Group in the ordinary course of business. Inventories include finished goods, goods which are in the process of being manufactured (work in progress) and raw and packaging materials awaiting use in production.

Accounting policy

Inventories are valued at the lower of cost or net realisable value, with the cost determined using an average cost method to calculate a standard cost. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and indirect production overheads. Production overheads comprises indirect material and labour costs, maintenance and depreciation of the machinery and production buildings used in the manufacturing process, as well as costs of production administration and management. Any manufacturing or purchasing variances between actual costs and standard costs are deferred over the appropriate inventory holding period, which may vary based on the specific nature of the inventory.

Net realisable value is defined as anticipated selling price or anticipated revenue less cost to completion. Estimates of net realisable value are based on the average selling prices at the end of the reporting period, net of applicable direct selling expenses. Subsequent events related to the fluctuation of prices and costs are also considered, if relevant. If net realisable values are below inventory costs, a provision corresponding to this difference is recognised.

Provisions are also made for obsolescence of inventories that (i) do not meet the Group's specifications, (ii) have exceeded their expiration date, or (iii) are considered slow-moving. The Group evaluates the carrying value of inventories on a regular basis, taking into account such factors as historical and anticipated future sales compared with quantities on hand, the price the Group expects to obtain for products in their respective markets compared with historical cost and the remaining shelf life of goods on hand.

Notes to the consolidated financial statements continued

11. INVENTORIES (CONTINUED)

The components of inventories at 31 December were as follows:

	2024 \$m	2023 \$m
Raw and packaging materials	93.6	102.3
Work in progress	32.2	42.5
Finished goods	223.8	251.3
Inventories	349.6	396.1

Inventories are stated net of provision for obsolescence of \$10.6 million (2023: \$17.0 million). Adjustments to write down inventory to its net realisable value are provided in Note 3.1 – Operating profit.

12. TRADE AND OTHER RECEIVABLES

Trade receivables consist of amounts billed and currently due from customers. Gross trade receivables are presented before allowances for expected credit losses, sales discounts and chargeback allowances. Credit risk with respect to trade receivables is generally diversified due to the large dispersion and type of customers across many different geographies.

Other receivables include amounts due from third parties not related to revenue and prepaid expenses.

Accounting policy

Credit is extended to customers based on the evaluation of the customer's financial condition. Creditworthiness of customers is evaluated on a regular basis. Exposure to credit risk is managed through credit approvals, credit limits and monitoring procedures. The Group considers a default event to be one where the customer does not have sufficient funds to make their required payments and/or is in the process of being liquidated.

An allowance is maintained for expected lifetime credit losses that result from the failure or inability of customers to make required payments. It is not necessary for a credit event to have occurred before credit losses are recognised. Instead, the Group accounts for expected lifetime credit losses and changes in those expected lifetime credit losses. In determining the allowance, consideration includes the probability of recoverability based on past experience and general economic factors, incorporating forward-looking information and adjustments for customers who represent a lower risk of default, which includes public or private medical insurance customers and customers guaranteed by local government. The amount of expected credit losses, if any, is required to be updated at each reporting date.

Certain trade and other receivables may be fully reserved when specific collection issues are known to exist, such as pending bankruptcy. The Group writes off uncollectable receivables at the time it is determined the receivable is no longer collectable.

Trade and other receivables are not collateralised. Where the Group has entered into a receivables financing arrangement, these receivables are derecognised at the point of sale in accordance with IFRS 9 if we have substantially transferred all risks and rewards of ownership and there is no option to return the receivables to the Group.

Refer to Note 2.1 – Revenue recognition for details on the accounting policy in respect of chargeback allowances.

Trade and other receivables at 31 December were as follows:

	2024 \$m	2023 \$m
Included within current assets:		
Trade receivables	310.9	337.8
Less: allowances for expected credit losses	(15.6)	(27.1)
Less: sales discounts and chargebacks	(28.3)	(40.9)
Other receivables ¹	34.0	39.0
Prepayments	34.0	24.9
Trade and other receivables	335.0	333.7

1. The most significant component of other receivables comprises receivables for taxes other than corporate income tax of \$17.4 million (2023: \$13.5 million).

The aged analysis of trade receivables at 31 December was as follows:

	2024 \$m	2023 \$m
Current	247.5	244.2
Past due 1 to 30 days	18.5	27.7
Past due 31 to 90 days	21.5	19.2
Past due 91 to 180 days	7.4	15.1
Past due by more than 180 days	16.0	31.6
	310.9	337.8

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

The unimpaired amounts at 31 December that are past due were aged as follows:

	2024 \$m	2023 \$m
Past due 1 to 30 days	18.2	27.2
Past due 31 to 90 days	21.1	18.5
Past due 91 to 180 days	6.3	12.7
Past due by more than 180 days	2.2	8.1
	47.8	66.5

The Group believes that the unimpaired amounts that are past due are still collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk.

Movements in the allowance for expected credit losses for the years ended 31 December were as follows:

	2024 \$m	2023 \$m
At 1 January	(27.1)	(22.0)
Charged to the income statement	(9.7)	(14.3)
Released to the income statement	8.8	–
Utilisation of provision	11.6	9.4
Foreign exchange	0.8	(0.2)
At 31 December	(15.6)	(27.1)

Other non-current receivables

Other non-current receivables of \$12.5 million (2023: \$11.7 million) are principally in respect of deposits held with lessors, prepaid expenses and other receivables.

Receivables financing

The Group has a Limited Recourse Financing Arrangement at a beneficial financing cost with a financial institution for certain customers who have a stronger credit profile than the Group and longer than normal payment terms. It has been assessed that the Group has substantially transferred all the risks and rewards of ownership to the financial institution and accordingly, these receivables have been derecognised at the point of sale in accordance with IFRS 9.

As at 31 December 2024, \$43.3 million (31 December 2023: \$27.4 million) remained unpaid.

13. TRADE AND OTHER PAYABLES

Trade payables consist of amounts owed to third-party suppliers and represent a contractual obligation to deliver cash in the future. Other payables include taxes and social security, accruals and liabilities for other employee-related benefits.

Accounting policy

Trade payables are recognised at the value of the invoice received from the supplier and are not interest bearing. The carrying amount of trade and other payables is considered to approximate fair value, due to their short-term maturities.

The components of trade and other payables at 31 December were as follows:

	2024 \$m	2023 \$m
Included within current liabilities:		
Trade payables	124.9	136.9
Taxes and social security	31.8	32.2
Other employee-related liabilities	114.3	108.2
Accruals and other payables ¹	111.7	111.4
Trade and other payables	382.7	388.7

1. Included within accruals and other payables are customer rebates of \$17.7 million (2023: \$19.8 million) and amounts held in escrow of \$8.8 million (2023: \$12.3 million).

	2024 \$m	2023 \$m
Included within non-current liabilities:		
Defined benefit obligations (Note 15)	11.5	12.1
Other employee-related liabilities	4.2	5.1
Accruals and other payables	15.0	15.3
Other non-current liabilities	30.7	32.5

Notes to the consolidated financial statements continued

14. PROVISIONS

A provision is an obligation recognised when there is uncertainty over the timing or amount that will be paid. Provisions recognised by the Group are primarily in respect of restructuring, dilapidations and legal liabilities.

Accounting policy

In line with IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*, a provision is recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation and that obligation can be measured reliably. Restructuring provisions are only recognised when a constructive obligation exists, which requires both a detailed formal plan and a valid expectation being raised in those affected by starting to implement that plan or announcing the main features. Provisions are measured at the best estimate of the expenditure required to settle the obligation and are discounted to present value if the effect is material. Provisions are reviewed on a regular basis and adjusted to reflect management's best current estimates. Due to the judgemental nature of these items, future settlements may differ from amounts recognised.

When the timing of a settlement is uncertain or expected to be more than 12 months from the reporting date, amounts are classified as non-current.

The movements in provisions are as follows:

	Dilapidations \$m	Restructuring \$m	Legal \$m	Total \$m
1 January 2024	2.4	14.0	0.6	17.0
Charged to income statement	0.7	6.7	0.3	7.7
Released to income statement	–	(2.9)	(0.1)	(3.0)
Utilised	–	(13.1)	(0.3)	(13.4)
Foreign exchange	–	(0.4)	(0.1)	(0.5)
31 December 2024	3.1	4.3	0.4	7.8
Current	–	4.3	–	4.3
Non-current	3.1	–	0.4	3.5

The expected payment profile of the discounted provisions at 31 December was as follows:

	2024 \$m	2023 \$m
Within 1 year	4.3	14.0
2 to 5 years	3.5	3.0
Total	7.8	17.0

Dilapidation provisions

Dilapidation provisions are in respect of contractual obligations, on the expiry of a lease, to return leased properties in the condition which is specified in the individual leases.

Restructuring provisions

Restructuring provisions are in respect of the Group's strategic transformation activities. All restructuring provisions are supported by detailed plans and a valid expectation has been raised in those affected as required by the Group's accounting policy.

Legal provision

The legal provisions are in respect of ongoing cases. Legal issues are often subject to uncertainties over the timing and the final amounts of any settlement.

15. POST-EMPLOYMENT BENEFITS

The Group has over 10,000 employees globally and operates a number of defined benefit and defined contribution pension plans for its employees. Each individual plan is subject to the applicable laws and regulations of the country in which the plan operates.

Defined contribution arrangements are where the Group pays fixed payments as they fall due into a separate fund on behalf of employees participating in the plan and has no further legal or constructive obligations. The cost of Group contributions to defined contribution arrangements during the year is provided in Note 3 – Operating costs.

A defined benefit plan is a pension or other post-employment benefit plan under which the Group has an obligation to provide agreed benefits to current and former employees. The Group bears the risk that its obligation may increase or that the value of the assets in the pension fund may decline. The benefit payable in the future by the Group is discounted to the present value and the fair value of plan assets is deducted to measure the defined benefit pension position.

The Group has defined benefit plans in a number of European countries. The most significant plans are: Switzerland, a state mandated plan that remains open to all Swiss employees; and Germany, with one unfunded plan, that remains open to German employees but closed to new entrants, and a funded plan put in place from April 2019. The Group's other defined benefit plans are located in Austria, France and Italy (referred to as "Other" in the tables below).

For plans in Switzerland, Germany and Austria, asset funds for each country are being accumulated to meet the accruing liabilities. The assets of each of these funds are either held under trusts or managed by insurance companies and are entirely separate from the Group's assets.

Accounting policy

Defined contribution pension plans

Payments to defined contribution pension plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit plans are treated as payments to defined contribution pension plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution pension plan.

Defined benefit pension plans

The Group records an asset or liability related to its defined benefit pension plans as the difference between the fair value of the plan assets and the present value of the plan liabilities. The obligations of the plans are calculated using the Projected Unit Credit Method, with actuarial valuations being performed by an independent actuary at the end of each reporting period. The valuation requires estimates and judgements to be made to calculate the Group's liabilities, and results in actuarial gains and losses being recorded.

Actuarial gains and losses, movements in the return on plan assets (excluding interest) and the impact of the asset ceiling (if applicable) are recognised immediately in the Consolidated Statement of Financial Position with a charge or credit to the Consolidated Statement of Comprehensive Income. Remeasurements recorded in the Consolidated Statement of Comprehensive Income are not subsequently reclassified to the Consolidated Income Statement.

Past service cost is recognised in the Consolidated Income Statement in the period of plan amendment, where relevant. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset.

The assets of the plans are held at fair value, which is equal to market value, and are held in separate trustee-administered funds or similar structures in the countries concerned. Surplus assets within the plan are only recognised to the extent that they are recoverable in accordance with IFRIC Interpretation 14, IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (IFRIC 14).

Risks

The defined benefit plans typically expose the Group to risks. The most significant risks impacting the Group as a result of these plans are as follows:

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high-quality corporate bond yields; if the return on plan assets is below this rate, it will create a plan deficit.
Interest risk	A decrease in the interest rate will increase the plan liability, but this will be partially offset by an increase in the return on the plan's fixed rate debt instruments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Notes to the consolidated financial statements continued

15. POST-EMPLOYMENT BENEFITS (CONTINUED)**Amounts recorded in the Consolidated Financial Statements****Consolidated Income Statement**

The aggregate expense for all post-employment defined benefit plans recognised in the Consolidated Income Statement for the year ended 31 December was as follows:

	2024 \$m	2023 \$m
Defined benefit plans:		
Current service cost	1.0	1.1
Past service (income)	(0.1)	(0.1)
Interest (income) on plan assets	-	(0.2)
Interest expense on defined benefit obligations	0.3	0.6
Total expense (Note 3)	1.2	1.4

Consolidated Statement of Comprehensive Income

Aggregate actuarial gains and losses for all defined benefit plans recognised in the Consolidated Statement of Comprehensive Income for the year ended 31 December were as follows:

	2024 \$m	2023 \$m
<i>Remeasurement effect recognised in other comprehensive income:</i>		
Actuarial gain on liabilities due to experience	0.1	0.1
Actuarial (loss)/gain arising from changes in financial assumptions	(0.5)	0.1
Actuarial gain/(loss) on plan assets	0.1	(0.2)
Remeasurement (loss)/gain recognised in other comprehensive income	(0.3)	-
Deferred tax on remeasurement loss recognised in other comprehensive income	-	(0.2)
Total amount recognised in other comprehensive income	(0.3)	(0.2)

Consolidated Statement of Financial Position

The amount recognised for each defined benefit arrangement in the Consolidated Statement of Financial Position at 31 December was as follows:

	Germany ¹		Switzerland		Other		Total	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m	2024 \$m	2023 \$m	2024 \$m	2023 \$m
Fair value of schemes' assets	0.7	-	12.9	11.8	0.7	0.8	14.3	12.6
Present value of funded schemes' liabilities	(8.6)	-	(14.7)	(13.8)	(0.8)	(0.7)	(24.1)	(14.5)
Deficit in the funded schemes	(7.9)	-	(1.8)	(2.0)	(0.1)	0.1	(9.8)	(1.9)
Present value of unfunded schemes' liabilities	-	(8.4)	-	-	(1.7)	(1.8)	(1.7)	(10.2)
Net pension liability	(7.9)	(8.4)	(1.8)	(2.0)	(1.8)	(1.7)	(11.5)	(12.1)
Recognised within Consolidated Statement of Financial Position:								
Defined benefit obligations (Note 13)							(11.5)	(12.1)

1. In 2024, the Group began funding the pension scheme in Germany.

The weighted average duration of the Group's defined benefit obligations at the end of the year is 17.3 years (2023: 16.5 years).

15. POST-EMPLOYMENT BENEFITS (CONTINUED)

Fair value of assets and present value of the liabilities of the plan

The amount included in the Consolidated Statement of Financial Position arising from its obligations in respect of its defined benefit plans was as follows:

	Assets \$m	Liabilities \$m	Total \$m
At 1 January 2023	11.1	(22.1)	(11.0)
Current service cost	–	(1.2)	(1.2)
Past service income	–	0.1	0.1
Interest income/(expense)	0.2	(0.6)	(0.4)
Remeasurement (loss)/gain	(0.2)	0.1	(0.1)
Contributions by employer	0.7	–	0.7
Contributions by members	0.6	(0.6)	–
Benefits paid	(0.9)	1.0	0.1
Experience gain	–	0.1	0.1
Foreign exchange	1.1	(1.5)	(0.4)
At 31 December 2023	12.6	(24.7)	(12.1)
Current service cost	–	(1.0)	(1.0)
Past service income	–	0.1	0.1
Interest income/(expense)	–	(0.3)	(0.3)
Remeasurement gain/(loss)	0.7	(0.5)	0.2
Contributions by employer	1.3	–	1.3
Contributions by members	0.4	(0.4)	–
Benefits paid	(3.3)	3.3	–
Experience gain	–	0.1	0.1
Transfer from multi-employer scheme	3.5	(4.1)	(0.6)
Foreign exchange	(0.9)	1.7	0.8
At 31 December 2024	14.3	(25.8)	(11.5)

Plan assets

The fair value of defined benefit plan assets at 31 December, which has been determined in accordance with IFRS 13, *Fair Value Measurements*, is analysed below. All assets have a quoted market price and are categorised as a Level 1 measurement in the fair value hierarchy.

	Germany		Switzerland		Other		Total	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m	2024 \$m	2023 \$m	2024 \$m	2023 \$m
Equity instruments	0.7	–	4.3	3.9	–	–	5.0	3.9
Debt instruments	–	–	4.5	4.6	–	–	4.5	4.6
Property	–	–	2.6	1.8	–	–	2.6	1.8
Qualifying insurance policies	–	–	–	–	0.7	0.8	0.7	0.8
Other	–	–	1.5	1.5	–	–	1.5	1.5
Plan assets	0.7	–	12.9	11.8	0.7	0.8	14.3	12.6

Actuarial assumptions

The Group makes certain key assumptions in order to value the plan obligations, and the approach to how these were set was as follows:

	Approach taken
Discount rate	Calculated by reference to the yields on high-quality corporate bonds which match expected cash flows in each territory in which a defined benefit plan is present.
Inflation	Calculated using the difference on yields between fixed and index-linked government bonds.
Future salary increases	Based on historical expectations and known future increases, including expected inflation rates.
Mortality	Based on mortality tables derived from assessments performed by national governments and based upon recommendations by plan actuaries.

Notes to the consolidated financial statements continued

15. POST-EMPLOYMENT BENEFITS (CONTINUED)

The principal actuarial assumptions for each defined benefit arrangement used at 31 December were as follows:

	Germany		Switzerland		Other	
	2024	2023	2024	2023	2024	2023
Discount rate	3.32%	3.57%	1.10%	2.00%	3.18% to 3.61%	3.15% to 4.61%
Rate of price inflation	N/A	N/A	1.00%	1.00%	2.00% to 2.20%	2.00% to 2.20%
Future salary increases	2.50%	3.00%	1.75%	1.75%	0% to 2.50%	0.00% to 3.00%

Discount rates have remained consistent year on year.

The current mortality assumptions underlying the values of the obligations in the defined benefit plans were as follows:

	Germany		Switzerland		Other	
	2024	2023	2024	2023	2024	2023
Life expectancy at age 65						
Male	18.9 years	18.8 years	22.8 years	23.0 years	18.8 years	24.0 years
Female	22.3 years	22.2 years	24.5 years	23.7 years	24.0 years	28.0 years
Life expectancy at age 65 in 20 years' time						
Male	21.6 years	21.5 years	24.8 years	25.2 years	18.8 years	24.9 years
Female	24.5 years	24.4 years	26.4 years	25.7 years	24.0 years	28.9 years

Sensitivity analysis

The effect of movements in the key actuarial assumptions in respect of the Germany and Switzerland plans at 31 December 2024 would be an (increase)/decrease to the defined benefit asset/liabilities as follows:

	Germany		Switzerland	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	0.7	(0.8)	1.4	(1.5)
Inflation	N/A	N/A	(0.5)	0.5
Future salary increases	N/A	N/A	(0.2)	0.2
	1 year increase	1 year decrease	1 year increase	1 year decrease
Life expectancy	(0.2)	0.2	(0.3)	0.3

Future funding

Payments expected to be made by the Group to its defined benefit pension plans in the year ending 31 December 2025 are as follows:

	Germany \$m	Switzerland \$m	Other \$m	Total \$m
Expected payments	0.2	0.5	-	0.7

CAPITAL STRUCTURE AND FINANCIAL COSTS

The Group ensures that all entities within the Group have sufficient funding to deliver the Group's strategy while maximising the return to shareholders through the debt and equity balance. The capital structure of the Group consists of net debt (which includes borrowings less cash and cash equivalents and excluding lease liabilities) and equity of the Group, comprising issued capital, reserves and earnings as disclosed in the Consolidated Statement of Changes in Equity.

16. CAPITAL STRUCTURE AND NET DEBT

The capital structure of the Group at 31 December was as follows:

	2024 \$m	2023 \$m
Borrowings (Note 21)	1,122.8	1,226.9
Less: Cash and cash equivalents (Note 22)	(64.7)	(97.6)
Net debt (excluding lease liabilities)	1,058.1	1,129.3
Equity	1,688.9	1,692.7
Total capital	2,747.0	2,822.0

The Group's capital structure is managed to provide ongoing returns to shareholders and service debt obligations whilst maintaining maximum operational flexibility.

17. SHARE CAPITAL AND RESERVES

Share capital

Called up share capital is the total number of shares in issue at their par value. The rights attaching to the ordinary shares are uniform in all respects. They form a single class for all purposes, including with respect to voting and for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Group. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction from the proceeds, net of tax.

Repurchased shares are classified as own shares and are disclosed in the own shares reserve.

Share premium

The share premium represents amounts received in excess of the nominal value of the ordinary shares.

Own shares

Own shares are ordinary shares in the Group purchased and held by an Employee Benefit Trust to satisfy obligations under the Group's employee share ownership programmes.

When any Group company purchases the Company's equity share capital (own shares), the consideration paid, including any directly attributable incremental costs (net of tax), is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable costs and the related tax effects, is recognised in equity and the resulting surplus or deficit on the transaction is presented within share premium.

Merger reserve

In 2016, the Consolidated Financial Statements were prepared under merger accounting principles. Under these principles, no acquirer was required to be identified and all entities were included at their pre-combination carrying amounts. This accounting treatment led to differences on consolidation between issued share capital and the book value of the underlying net assets. This difference is included within equity as a merger reserve.

Cumulative translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Other reserves

Other reserves comprises of the cumulative changes in the effective portion of cash flow hedges, remeasurement of defined benefit plans, remeasurement of the equity investment, and the share-based payment reserve.

Share capital

In 2023, the Board took the decision to terminate the scrip dividend option, effective from 2024. The movements in ordinary shares of 10 pence each were as follows:

	Ordinary shares number	Share capital \$m	Share premium \$m
Issued and fully paid or credited as fully paid			
1 January 2023	2,043,872,048	250.7	165.7
Issue of new shares for Scrip Scheme – 2022 final dividend	1,717,549	0.2	4.5
Issue of new shares for Scrip Scheme – 2023 interim dividend	4,199,962	0.6	10.8
	5,917,511	0.8	15.3
31 December 2023	2,049,789,559	251.5	181.0
31 December 2024	2,049,789,559	251.5	181.0

At 31 December 2024, 5,444,666 shares (2023: 3,986,597 shares) were held in the Employee Benefit Trust. The market value of own shares at 31 December 2024 was \$15.1 million (2023: \$12.3 million).

Other reserves include the share-based payment reserve of \$184.0 million (2023: \$171.1 million) and remeasurement of defined benefit obligations of \$4.3 million (2023: \$4.6 million) offset by the remeasurement of equity investments of \$13.8 million (2023: \$7.8 million) and the effective portion of cash flow hedges of \$3.2 million (2023: \$4.4 million). A reconciliation of movements in all reserves is provided in the Consolidated Statement of Changes in Equity.

Distributable reserves

At 31 December 2024, the retained surplus of the Company was \$3,088.5 million (2023: \$1,539.4 million) of which \$1,474.7 million (2023: \$1,539.4 million) was realised and distributable – refer to Note 8 – Distributable Reserves in the Company's financial statements for further details. The capacity of the Company to make dividend payments is primarily determined by the availability of these retained and realised distributable reserves and the Group's cash resources including available borrowing facilities.

Notes to the consolidated financial statements continued

18. DIVIDENDS

The Group ensures that adequate realised distributable reserves are available in the Company in order to meet proposed shareholder dividends and the purchase of shares for employee share scheme incentives. The Company principally derives distributable reserves from dividends received from subsidiary companies.

In determining the level of dividend for the year, the Board considers the following factors and risks that may influence the proposed dividend:

- Availability of realised distributable reserves;
- Available cash resources and commitments;
- Strategic opportunities and investments, in line with the Group's strategic plan; and
- Principal risks of the Group (as disclosed on pages 76 to 80).

The Board paid the 2023 final dividend in May 2024 and the 2024 interim dividend in October 2024. The Board has taken into consideration balancing the return to shareholders and the additional investment in transformation in the period. The decision to increase the dividend for 2024 reflects the Board's confidence in the future performance of the Group, this includes its underlying financial strength and cash generation when assessing cash flow forecasts for the next two years from the date of the dividend payment. Further details of the Group's considerations and rationale for its policy in respect of the dividend distribution are given in the Directors' report on page 145.

Accounting policy

Dividends paid are included in the Group Consolidated Financial Statements at the earlier of payment of the dividends or, in respect of the Company's final dividend for the year, on approval by shareholders.

Dividends paid and proposed were as follows:

	Pence per share	Cents per share	Total \$m	Settled in cash \$m	Settled via scrip \$m	No of scrip shares issued
Final dividend 2022	3.657	4.330	92.4	87.7	4.7	1,717,549
Interim dividend 2023	1.380	1.769	34.4	23.0	11.4	4,199,962
Paid in 2023	5.037	6.099	126.8	110.7	16.1	5,917,511
Final dividend 2023	3.517	4.460	91.5	91.5	–	–
Interim dividend 2024	1.422	1.822	38.7	38.7	–	–
Paid in 2024	4.939	6.282	130.2	130.2	–	–
Final dividend 2024 proposed	3.639	4.594	94.2			

The final dividend proposed for 2024 is to be distributed on 29 May 2025 to shareholders on the register at the close of business on 22 April 2025 and is subject to shareholder approval at the Annual General Meeting on 22 May 2025. The dividend will be declared in US dollars and will be paid in Sterling at the chosen exchange rate of \$1.262/£1.00 determined on 25 February 2025.

The interim and final dividends for 2024 give a total dividend for the year of 6.416 cents per share (2023: 6.229 cents per share).

19. SHARE-BASED PAYMENTS

The Group operates a number of plans used to award shares to Executive Directors and other senior employees as part of their remuneration package. A charge is recognised over the vesting period in the Consolidated Income Statement to record the cost of these, based on the fair value of the award at the grant date.

The Group's share-based payment schemes in place are as follows:

Long Term Incentive Plan (LTIP)

Provides Performance Share Plan (PSP) awards subject to Group performance and market conditions and Restricted Stock Units (RSU) subject only to remaining employed up to the vesting date. Details on share-based payments in relation to Executive Directors is set out on page 137.

Deferred Bonus Plan (DBP)

Provides for the grant of share awards to defer a portion of the participant's bonus as determined by the Remuneration Committee. The awards vest subject only to remaining employed up to the vesting date.

Share Plan / Matching Share Plan (SP/MSP)

Provides for the grant of discretionary share awards. Awards granted in 2024 will vest to employees still employed on the vesting date.

Employee Plans

The Group also operates Employee Plans which provide eligible employees the opportunity to save up to £500 per month (or local currency equivalent) with an option to acquire shares using these savings at a 15% discount to the market price at date of grant. The Employee Plans are available to employees under the following schemes:

- *Save-As-You-Earn (SAYE)* – Available to all employees in the UK employed by participating Group companies.
- *Employee Stock Purchase Plan (ESPP)* – Available to all employees in the US.
- *International Share Save Plan* – Available to all employees in the rest of the world.

19. SHARE-BASED PAYMENTS (CONTINUED)

Accounting policy

Equity-settled share-based payment awards are measured at the fair value of the award on the grant date, excluding the effect of non-market-based vesting conditions. The fair value of the awards at the date of the grant is expensed to general and administrative expenses in the Consolidated Income Statement over the vesting period on a straight-line basis.

Appropriate adjustments are made to reflect expected and actual forfeitures during the vesting period due to uncertainties in satisfying service conditions or non-market performance conditions. The corresponding credit is to other reserves in the Consolidated Statement of Financial Position.

Share-based payment expenses recognised in the Consolidated Income Statement as follows:

	2024 \$m	2023 \$m
LTIP	11.9	7.3
SP/MSP	6.0	5.5
DBP	1.2	1.0
Employee Plans	0.7	0.8
	19.8	14.6

During the year to 31 December 2024, \$19.7 million (2023: \$14.5 million) of share-based payments were equity-settled, with \$0.1 million (2023: \$0.1 million) cash-settled. All amounts that were equity-settled were recognised in other reserves, with the amounts that were cash-settled recognised through other non-current liabilities.

Awards outstanding

The movements in the number of share and share option awards and the weighted average exercise price of share options are detailed below:

	2024		2023	
	Number of shares/ options 000's	Weighted average exercise price of options £ per share	Number of shares/ options 000's	Weighted average exercise price of options £ per share
Outstanding at 1 January	31,439	0.29	30,800	0.33
Granted	10,667	0.27	10,987	0.22
Forfeited	(5,207)	0.25	(4,081)	0.47
Exercised	(6,009)	0.24	(6,267)	0.25
Outstanding at 31 December	30,890	0.28	31,439	0.29
Exercisable at 31 December	670	1.74	840	1.51
Weighted average fair value of awards granted (£ per share)	-	1.97	-	1.53

The average share price during 2024 was £2.45 (2023: £2.21). The share price of the Company at 31 December 2024 was £2.21 (2023: £2.44).

The range of exercise prices and the weighted average remaining contractual life of options outstanding at 31 December were as follows:

	2024 Number of shares/options 000's	2023 Number of shares/options 000's
Range of prices		
Nil	26,240	26,414
1.21	-	73
1.74	1,546	2,002
1.76	1,101	1,821
1.84	-	18
1.96	1,444	-
2.08	559	1,111
	30,890	31,439
Weighted average remaining contractual life of options outstanding	1.9 years	1.9 years

Notes to the consolidated financial statements continued

19. SHARE-BASED PAYMENTS (CONTINUED)

Valuation assumptions

All share awards granted are valued directly by reference to the share price at date of grant except:

- PSP shares awarded under the LTIP and MSP plans are subject to both market-based measures and non-market based measures. Values under the market-based element are based on relative Total Shareholder Return (TSR) performance conditions and are valued using a Monte Carlo simulation.
- Options granted under the Employee Plans are valued using the Black-Scholes model.

The principal assumptions used in these valuations were:

	2024			2023		
	LTIP	SAYE & International Share Save Plan	ESPP	LTIP	SAYE & International Share Save Plan	ESPP
Share price at date of grant	£2.81	£2.31	£2.31	£2.21	£2.07	£2.07
Exercise price	nil	£1.96	£1.96	nil	£1.76	£1.76
Expected life	3 years	3.6 years	2.0 years	3 years	3.6 years	2.0 years
Expected volatility ¹	28.1%	28.1%	28.1%	25.1%	25.1%	25.1%
Risk free rate	4.3%	4.3%	4.5%	3.3%	3.3%	3.3%
Dividend yield	n/a	1.9%	1.9%	2.3%	2.3%	2.3%
Fair value	£2.02 & £2.19	£0.48	£0.43	£1.09 & £1.41	£0.38	£0.34

1. The expected volatility was determined by calculating the observed historical volatility of share prices of peer group companies (including the Company) over the expected life of the share award.

20. FINANCIAL RISK MANAGEMENT

The Group's treasury policy seeks to minimise the Group's principal financial risks. No trading or speculative transactions in financial instruments are undertaken. This note presents information about the Group's exposure to financial risks and the Group's objectives, policies and processes for measuring and managing risks.

Financial risk management objectives

Based on the global operations of the Group, management consider the key financial risks to be liquidity, foreign exchange, interest rate and counterparty credit. The management of counterparty credit risk is discussed in Note 12 – Trade and other receivables.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group manages and minimises liquidity risk by using global cash management solutions and actively monitoring both actual and projected cash outflows to ensure that it will have sufficient liquidity to meet its liabilities when due and have headroom to provide against unforeseen obligations. As at 31 December 2024, the Group held cash and cash equivalents of \$64.7 million (2023: \$97.6 million), of which 32.3% (2023: 57.5%) was held centrally.

Medium and long-term borrowing requirements are met through committed bank facilities and capital market funding as detailed in Note 21 – Borrowings. Short-term borrowing requirements, if necessary, may be met from drawings under the multicurrency facility.

Longer term, the Group has assessed its liquidity forecast as part of the viability assessment and its ability to continue trading as a going concern. For further detail on the Group's assessment of liquidity risk, refer to the Viability statement on pages 82 to 83.

Foreign exchange risk

As a result of the global nature of operations, the Group is exposed to market risk arising from changes in foreign currency exchange rates.

Where possible, the Group manages foreign exchange risk by matching same currency revenues and expenses. It will also denominate debt in certain currencies and use foreign exchange forward contracts and swap contracts to further minimise transactional foreign exchange risk, with certain currency contracts designated as cash flow hedges; refer to Note 23 – Financial Instruments for details. As a result, the impacts of the fluctuations in the market values of assets and liabilities and the settlement of foreign currency transactions are reduced.

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table summarises the exchange rates used for the translation of currencies into US dollars that have the most significant impact on the Group results:

Currency	Average rate/ Closing rate	2024	2023
USD/EUR	Average	1.08	1.08
	Closing	1.04	1.10
USD/GBP	Average	1.28	1.24
	Closing	1.25	1.27
USD/DKK	Average	0.15	0.15
	Closing	0.14	0.15

During 2024, revenue was mostly USD denominated (56%) (2023: 55%). Other significant currencies were EUR (19%) (2023: 19%) and GBP (5%) (2023: 5%). The balance comprises a basket of other currencies which, on an individual basis, were each no more than 2% of revenue.

Sensitivity analysis on foreign exchange risk

The sensitivity analysis below assumes a 10% strengthening of the US dollar against the principal currencies to highlight the sensitivity of profit before income taxes and total equity to translation foreign exchange risk as at 31 December, with all other variables held constant.

Currency	Sensitivity	2024 \$m	2023 \$m
<i>Increase/(decrease) in profit before income taxes</i>			
USD/GBP	+10%	3.8	4.4
USD/EUR	+10%	(7.9)	(10.3)
USD/DKK	+10%	(11.6)	(11.2)
<i>Decrease/(increase) in total equity</i>			
USD/GBP	+10%	(84.7)	(88.0)
USD/EUR	+10%	3.3	(2.5)
USD/DKK	+10%	(31.4)	(27.0)

Interest rate risk

The Group's principal exposure to interest rate risk is in relation to interest expense on borrowings made under the Group's credit facilities which attract interest at floating rates plus a fixed margin as well as any cash or investments that result in interest income at floating rates. Floating rate instruments expose the Group to interest rate cash flow and expense risk. The Group manages this exposure on a net basis within Board approved policy parameters, including the use of interest rate swaps designated as cash flow hedges to maintain an appropriate mix between fixed and floating rate borrowings.

As at 31 December 2024, the Group's borrowings were principally denominated in USD and Euros. The Group's credit facilities expose the Group to SOFR and EURIBOR. The Group's interest rate swaps of \$265.0 million, are referenced to the SOFR benchmark (see Note 23 – Financial Instruments).

IBOR Reform

Non-derivative financial liabilities

The Group's facilities are based on a floating rate and reflect IBOR reform. Whilst one of the Group's facilities is multicurrency, most borrowings are expected to be denominated in USD and EUR with the reference rates of SOFR and EURIBOR respectively.

Derivatives

As of 31 December 2024, the Group held interest rate swaps for the purpose of risk management that are designated in cash flow hedge relationships. The floating legs of these swaps are linked to SOFR. The Group's derivatives are governed by contracts based on the master agreement of the International Swaps and Derivatives Association (ISDA).

All interest rate swaps at 31 December 2024 had a floating rate linked to SOFR, aligned with the Group's facilities. See Note 23 – Financial Instruments.

Hedge accounting

Swaps with floating legs linked to SOFR had also been designated as cash flow hedges and will provide interest rate risk management beyond January 2025.

Sensitivity analysis on interest rate risk

Based on the composition and the terms of the Group's borrowings as at 31 December 2024, and including the 0% interest rate floor and after the effect of the interest rate swaps and cash, if interest rates were to increase or decrease by 100 basis points, the interest expense on borrowings would increase by \$3.6 million (2023: \$3.1 million) or decrease by \$3.6 million (2023: \$3.1 million) assuming that all other variables remain constant and excluding any effect of tax.

Notes to the consolidated financial statements continued

21. BORROWINGS

The Group's sources of borrowing for funding and liquidity purposes derive from senior notes and credit facilities including a committed revolving credit facility.

Accounting policy

Borrowings are recognised at fair value less directly attributable costs on the date that they are entered into and subsequently measured at amortised cost using the effective interest rate method. Borrowing costs directly attributable to the facility are capitalised and amortised over the period of the loan.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Borrowings are classified as non-current when the repayment date is more than 12 months from the period-end date or where they are drawn on a facility with more than 12 months to expiry.

The Group derecognises borrowings when its contractual obligations are discharged, terminated or expired.

Fair value measurement

Borrowings are classified as Level 1 or Level 2 in the fair value hierarchy in accordance with IFRS 13, *Fair Value Measurements*, based upon the degree to which the fair value movements are observable.

The Group's borrowings as at 31 December were as follows:

	Currency	Year of maturity	2024 Face value \$m	2023 Face value \$m
Revolving Credit Facility ¹	USD/Euro	2028	383.5	490.6
Term Loan	USD	2027	250.0	250.0
Senior Notes	USD	2029	500.0	500.0
Interest-bearing borrowings			1,133.5	1,240.6
Financing fees ²			(10.7)	(13.7)
Total carrying value of borrowings			1,122.8	1,226.9
Current portion of borrowings			-	-
Non-current portion of borrowings			1,122.8	1,226.9

- Included within the Revolving Credit Facility was €106.0 million (\$109.8 million) and £7.0 million (\$8.8 million) at 31 December 2024 (2023: €100.0 million (\$110.4 million) and £8.0 million (\$8.2 million)), representing 28.6% of RCF debt denominated in Euros, 2.3% of RCF debt denominated in GBP and 69.1% denominated in US dollars.
- Financing fees of \$10.7 million (2023: \$13.7 million) related to the remaining unamortised fees incurred on the credit facilities of \$5.8 million (2023: \$7.8 million) and on the senior notes of \$4.9 million (2023: \$5.9 million).

Credit facilities

The credit facilities held by the Group are committed and available for the refinancing of certain existing financial indebtedness and general corporate purposes. The Group's bank credit facility of \$1.2 billion comprises of a \$250.0 million term loan and a \$950.0 million multicurrency revolving credit facility. As at 31 December 2024, the term loan was fully drawn and \$383.5 million (2023: \$490.6 million) of the revolving credit facility was drawn, with \$566.5 million undrawn (2023: \$459.4 million).

Financial covenants

The principal financial covenants are based on a permitted net debt to covenant-adjusted EBITDA³ ratio and interest cover test as defined in the credit facilities agreement. Testing is required on a semi-annual basis, at June and December, based on the last 12 months' financial performance. At 31 December 2024, the permitted net debt to covenant-adjusted EBITDA³ ratio was a maximum of 3.50 times and the interest cover a minimum of 3.50 times, terms as defined by the credit facilities agreement. In accordance with the credit facilities agreement, the net debt to covenant-adjusted EBITDA³ ratio can increase to a maximum 4.00 times for permitted acquisitions or investments.

The Group was in compliance with all financial and non-financial covenants at 31 December 2024, with significant available headroom on the financial covenants (in excess of \$887.5 million debt headroom on net debt to covenant-adjusted EBITDA³).

Excluding the impact of interest rate swaps, the weighted average interest rate on borrowings for the year ended 31 December 2024 was 6.0% (2023: 5.7%).

- Covenant-adjusted EBITDA is calculated based on terms as defined in the credit facilities agreement. This is different to adjusted EBITDA, which is an alternative performance measure ("APM") as disclosed on pages 28 to 31.

21. BORROWINGS (CONTINUED)

Senior notes

Unsecured senior notes of \$500.0 million are subject to an interest cover financial covenant as defined in the indentures which is a minimum of 2.0 times, with testing required annually at 31 December on the last 12 calendar months' financial performance.

Borrowings measured at fair value

The senior notes are listed and their fair value at 31 December 2024 of \$456.9 million (2023: \$450.1 million) has been obtained from quoted market data and therefore categorised as a Level 1 measurement in the fair value hierarchy under IFRS 13, *Fair Value Measurements*. For the Group's other borrowings, the fair value is based on discounted cash flows using a current borrowing rate and is categorised as a Level 2 measurement. At 31 December 2024, the estimated fair value of the Group's other borrowings was \$678.9 million (2023: \$774.9 million).

Maturity of financial liabilities

The contractual undiscounted future cash flows, including contractual interest payments, related to the Group's financial liabilities were as follows:

	Contractual cash flows							Carrying amount \$m
	Within 1 year or on demand	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	
At 31 December 2023								
Borrowings	58.6	49.8	47.7	298.0	532.8	519.4	1,506.3	1,226.9
Lease liabilities (Note 24)	25.6	19.5	14.6	10.1	8.2	18.5	96.5	85.5
Trade and other payables (Note 13)	388.7	–	–	–	–	–	388.7	388.7
<i>Derivative financial instruments (Note 23)</i>								
Derivative financial instruments payable	1,486.9	6.8	–	–	–	–	1,493.7	17.6
Derivative financial instruments receivable	1,483.1	5.4	–	–	–	–	1,488.5	13.6
At 31 December 2024								
Borrowings	54.1	53.3	303.6	417.4	519.4	–	1,347.8	1,122.8
Lease liabilities (Note 24)	25.9	20.2	15.0	11.3	8.3	16.0	96.7	78.8
Trade and other payables ¹ (Note 13)	350.9	–	–	–	–	–	350.9	350.9
<i>Derivative financial instruments (Note 23)</i>								
Derivative financial instruments payable	1,539.3	1.7	–	–	–	–	1,541.0	18.4
Derivative financial instruments receivable	1,538.2	1.5	–	–	–	–	1,539.7	18.4

1. Trade and other payables excludes taxes and social security of \$31.8 million as per Note 13 – Trade and other payables, as these are statutory rather than contractual requirements and therefore are not classified as financial liabilities in the above table.

Reconciliation of movement in borrowings

	2024 \$m	2023 \$m
Borrowings at 1 January	1,226.9	1,211.9
Repayment of borrowings	(98.0)	–
Proceeds of new borrowings, net of financing fees	–	9.4
Foreign exchange	(9.1)	2.8
Non-cash movements ²	3.0	2.8
Borrowings at 31 December	1,122.8	1,226.9

2. Non-cash movements were in respect of the amortisation of deferred financing fees associated with the borrowings.

Notes to the consolidated financial statements continued

22. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Cash held at bank is used for the Group's day-to-day operations. The Group utilises bank deposits or money market funds which have a maturity of three months or less as liquid investments that enable short-term liquidity requirements to be met.

Accounting policy

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions. All liquid investments, including term deposits and money market funds, have original maturities of three months or less, are subject to insignificant risk of changes in value and are repayable within one business day with no significant loss of interest, resulting in classification as cash equivalents.

Cash at bank earns interest at rates based on daily bank deposit rates. Term deposits and money market funds earn interest at the respective short-term deposit rate.

Cash and cash equivalents at 31 December 2024 included \$19.0 million (2023: \$21.1 million) of cash held in territories where there are restrictions related to timely repatriation. The amounts meet the definition of cash and cash equivalents but are not deemed to be readily available for general use by the wider Group.

Consolidated Statement of Cash Flows

Under certain circumstances, the Group utilises bank overdrafts to manage temporary fluctuations in cash positions. The bank overdrafts are repayable on demand, used as part of the Group's overall cash management strategy and form part of cash and cash equivalents for the purpose of the Consolidated Statement of Cash Flows. The Group had no bank overdrafts as at 31 December 2024 or 31 December 2023.

The Group reports cash flows from operating activities using the indirect method in accordance with IAS 7, *Statement of Cash Flows*. The Group has elected to classify net interest paid (including interest on lease liabilities) as cash flows from operating activities. Short-term lease payments and payments for leases of low-value assets are included in cash flows from operating activities.

Changes in working capital assets and liabilities as reported in cash flows from operating activities reflect the changes in the Consolidated Statement of Financial Position between the current and previous financial year end, including adjustments for amounts relating to acquisitions and disposals (when necessary), as well as currency translation adjustments.

Cash payments for the principal portion of lease liabilities is included within cash flows from financing activities.

Acquisition of property, plant and equipment, and intangible assets reflects additions to the related assets, including adjustments for changes in capital accruals. Acquisition of intangible assets relates to capitalised software, development and product-related licences. Refer to Note 9 – Intangible assets and goodwill for further details.

The adjustment for non-operating expense, net in the Consolidated Statement of Cash Flows excludes the gains and losses realised on cash-settled derivative financial instruments. Refer to Note 5 – Non-operating income, net.

Restricted cash

In certain instances, there are requirements to set aside cash to support payment guarantees and obligations, including the payment of value-added taxes, custom duties on imports, tender programmes and lease arrangements. Such amounts are classified by the Group as restricted cash, which do not form part of cash and cash equivalents. Cash paid into escrow, arising from a business combination, is also classified as restricted cash.

	2024 \$m	2023 \$m
Cash at bank and in hand	56.8	57.7
Money market funds	7.9	39.9
Cash and cash equivalents	64.7	97.6
	2024 \$m	2023 \$m
Restricted cash – current	8.8	12.5
Restricted cash – non-current	3.4	5.3
Total restricted cash	12.2	17.8

Current restricted cash of \$8.8 million (2023: \$12.5 million) relates to cash held in escrow in respect of the Group's acquisitions.

Non-current restricted cash of \$3.4 million (2023: \$5.3 million) relates primarily to amounts held in respect of guarantees and the Group's Share Save scheme for employees. Included in the 2023 balance was \$1.6 million relating to cash held in escrow in respect of the Group's acquisitions. None of these amounts are accessible on demand.

23. FINANCIAL INSTRUMENTS

A derivative financial instrument is a contract that derives its value from the performance of an underlying variable, such as foreign exchange rates or interest rates. The Group uses derivative financial instruments to manage foreign exchange and interest rate risk arising from its operations and financing. Derivative financial instruments used by the Group are foreign exchange forwards and interest rate swaps.

The Group utilises interest rate swap agreements, designated as cash flow hedges, to manage its exposure to variability in expected future cash outflows attributable to the changes in interest rates on the Group's committed borrowing facilities.

Accounting policy

Derivative financial instruments are initially recognised at fair value on the derivative contract date and are remeasured at their fair value at subsequent reporting dates. Derivative financial instruments are classified at fair value through profit or loss (FVTPL) unless they are designated and qualify as an effective cash flow hedge. The fair value of forward foreign exchange contracts is determined by using the difference between the contract exchange rate and the quoted forward exchange rate from third parties at the reporting date.

Hedge accounting

The Group has elected to apply the IFRS 9, *Financial Instruments* hedge accounting requirements. Changes in the fair values of derivatives designated as cash flow hedges are recognised in other comprehensive income to the extent the hedges are effective. The fair value is the estimated amount that the Group would receive or pay to terminate the forward or swap at the reporting date, taking into account current market rates, the Group's current creditworthiness, as well as that of the financial instrument counterparties.

The cumulative gain or loss is then reclassified to the Consolidated Income Statement in the same period when the relevant hedged transaction is realised. Any ineffectiveness on hedging instruments is recognised in the Consolidated Income Statement as they arise. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in the cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is immediately reclassified to profit or loss.

The Group held interest rate swaps of \$265.0 million at 31 December 2024 (2023: \$425.2 million), with exposure to SOFR as a reference rate and maturing at various points in the next two years. These have been designated as cash flow hedges through other comprehensive income.

Right to offset

Financial assets and liabilities are offset and the net amount presented in the Consolidated Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Fair value measurement

Financial instruments are classified as Level 1, Level 2 or Level 3 in the fair value hierarchy in accordance with IFRS 13, *Fair Value Measurements*, based upon the degree to which the fair value movements are observable. Level 1 fair value measures are defined as those with quoted (unadjusted) market prices in active markets for identical assets or liabilities. Level 2 fair value measurements are defined as those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (prices from third parties) or indirectly (derived from third-party prices). Level 3 fair value measurements are defined as those derived from significant unobservable inputs.

The only instrument classified as Level 1 are the senior notes, given the availability of quoted market price (Note 21 – Borrowings). The Group's derivative financial instruments, discussed below, are classified as Level 2. The Group's equity investment in preference shares (Note 10 – Investment in financial assets) and contingent consideration arising on business combinations are classified within Level 3 of the fair value hierarchy.

The Group holds interest rate swap agreements to fix a proportion of variable interest on the Group's US dollar debt, in accordance with the Group's risk management policy. The interest rate swaps are designated as hedging instruments in a cash flow hedging relationship.

In accordance with Group policy, the Group uses forward foreign exchange contracts, designated as cash flow hedges, to hedge certain forecast third-party foreign currency transactions. When a commitment is entered into a layered approach is taken when hedging the currency exposure, ensuring that no more than 100% of the transaction exposure is covered. The currencies hedged by forward foreign exchange contracts are US dollars, Swiss francs, Pound sterling, Danish krone and Japanese yen.

The Group further utilises foreign exchange contracts and swaps classified as FVTPL to manage short-term foreign exchange exposure.

Notes to the consolidated financial statements continued

23. FINANCIAL INSTRUMENTS (CONTINUED)**Cash flow hedges**

The fair values are based on market values of equivalent instruments at 31 December. The following table presents the Group's outstanding interest rate swaps, which were designated as cash flow hedges at 31 December:

	Currency	Effective date	Maturity date	2024		2023	
				Notional amount \$m	Fair value ¹ assets/ (liabilities) \$m	Notional amount \$m	Fair value ¹ assets/ (liabilities) \$m
6 Month term SOFR Float to Fixed Interest Rate Swap	USD	23 Jan 2023	23 Jan 2024	-	-	90.0	0.4
6 Month term SOFR Float to Fixed Interest Rate Swap	USD	23 Jan 2023	23 Jul 2024	-	-	40.0	0.1
6 Month term SOFR Float to Fixed Interest Rate Swap	USD	23 Jan 2023	23 Jan 2025	50.0	0.1	50.0	0.2
6 Month term SOFR Float to Fixed Interest Rate Swap	USD	3 Aug 2023	3 Aug 2024	-	-	50.0	-
6 Month term SOFR Float to Fixed Interest Rate Swap	USD	3 Aug 2023	3 Feb 2025	50.0	0.1	50.0	-
6 Month term SOFR Float to Fixed Interest Rate Swap	USD	3 Aug 2023	4 Aug 2025	50.0	-	50.0	-
6 Month term EURIBOR Float to Fixed Interest Rate Swap	EUR	29 Sep 2023	29 Sep 2024	-	-	55.2	(0.2)
6 Month term SOFR Float to Fixed Interest Rate Swap	USD	29 Sep 2023	29 Sep 2025	40.0	(0.3)	40.0	(0.5)
6 Month term SOFR Float to Fixed Interest Rate Swap	USD	23 Jan 2024	23 Jan 2026	25.0	0.1	-	-
6 Month term SOFR Float to Fixed Interest Rate Swap	USD	23 Jan 2024	23 Jan 2026	25.0	0.1	-	-
6 Month term SOFR Float to Fixed Interest Rate Swap	USD	28 May 2024	28 May 2026	25.0	(0.3)	-	-

1. The fair values of the interest rate swaps were disclosed in non-current derivative financial liabilities, current derivative financial liabilities and current derivative assets in the Consolidated Statement of Financial Position. There was no ineffectiveness recognised in the Consolidated Income Statement.

Foreign exchange forward contracts

The following table presents the Group's outstanding foreign exchange forward contracts valued at FVTPL and foreign currency forward contracts designated as cash flow hedges, disclosed in current derivative financial assets and liabilities, at 31 December:

	Term	2024		2023	
		Notional amount \$m	Fair value assets/ (liabilities) \$m	Notional amount \$m	Fair value assets/ (liabilities) \$m
Foreign exchange contracts	≤ 3 months	783.5	16.8	453.0	8.0
Foreign currency forward exchange contracts designated as cash flow hedges	≤ 12 months	36.2	1.2	195.9	4.4
Derivative financial assets		819.7	18.0	648.9	12.4
Foreign exchange contracts	≤ 3 months	514.5	(8.4)	760.7	(15.2)
Foreign currency forward exchange contracts designated as cash flow hedges	≤ 12 months	193.5	(9.4)	53.3	(1.3)
Derivative financial liabilities		708.0	(17.8)	814.0	(16.5)

During the year ended 31 December 2024, the Group realised a net gain of \$25.8 million (2023: \$4.3 million loss) on foreign exchange forward contracts designated as FVTPL in Note 5 – Non-operating income, net in the Consolidated Income Statement.

Impact of hedging on other comprehensive income

The following table presents the impact of hedging on other comprehensive income:

	2024 \$m	2023 \$m
Recognised in other comprehensive income:		
Effective portion of changes in fair value of cash flow hedges:		
Interest rate swaps	0.5	(1.3)
Foreign currency forward exchange contracts designated as cash flow hedges	(11.6)	2.0
Changes in fair value of cash flow hedges reclassified to the Consolidated Income Statement	2.1	(0.8)
Cost of hedging	0.6	(0.5)
Total	(8.4)	(0.6)

23. FINANCIAL INSTRUMENTS (CONTINUED)

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Amounts which do not meet all of the criteria for offsetting on the balance sheet but could be settled net in certain circumstances primarily relate to derivative transactions entered under International Swaps and Derivatives Association (ISDA) master netting arrangements or other similar agreements. In general, under such agreements, each party has the option to settle on a net basis in the event of default of the other party. As there is presently not a legally enforceable right of offset, these amounts have not been offset in the balance sheet and have been presented separately in the table below.

The financial assets and financial liabilities presented below are subject to offsetting, enforceable master netting or similar agreements. The column 'Net amount' shows the impact on the Group's balance sheet if all set-off rights were exercised.

Financial liabilities offset against trade and other receivables mainly relate to accrued customer rebates/discounts and chargebacks, as the offsetting criteria for these are met under IAS 32.

	Gross financial assets/ (liabilities) \$m	Gross financial (liabilities)/ assets set off \$m	Net financial assets/ (liabilities) per balance sheet \$m	Related amounts not set off in the balance sheet \$m	Net amount \$m
As at 31 December 2024					
Financial assets					
Trade and other receivables	363.3	(28.3)	335.0	–	335.0
Derivative financial assets	18.4	–	18.4	(10.1)	8.3
Financial liabilities					
Trade and other payables ¹	(379.2)	28.3	(350.9)	–	(350.9)
Derivative financial liabilities	(18.4)	–	(18.4)	10.1	(8.3)
	Gross financial assets/ (liabilities) \$m	Gross financial (liabilities)/ assets set off \$m	Net financial assets/ (liabilities) per balance sheet \$m	Related amounts not set off in the balance sheet \$m	Net amount \$m
As at 31 December 2023					
Financial assets					
Trade and other receivables	374.6	(40.9)	333.7	–	333.7
Derivative financial assets	13.6	–	13.6	(11.3)	2.3
Financial liabilities					
Trade and other payables	(429.6)	40.9	(388.7)	–	(388.7)
Derivative financial liabilities	(17.6)	–	(17.6)	11.3	(6.3)

1. Trade and other payables excludes taxes and social security of \$31.8 million as per Note 13 – Trade and other payables, as these are statutory rather than contractual requirements and therefore are not classified as financial liabilities in the above table.

24. LEASES

The Group principally leases real estate and vehicles. Leases are recognised as a right-of-use asset with a corresponding liability recorded at the date at which the leased asset is available for use by the Group.

Accounting policy

The lease liability is measured at the present value of future lease payments discounted using the rate implicit in the lease. If this rate is not readily determinable, the Group uses its incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Options such as lease extensions or terminations on lease contracts are considered on a case-by-case basis by regular management assessment.

Each lease payment is allocated between amounts paid for principal and interest. The interest cost is charged to the Consolidated Income Statement over the lease term to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated on a straight-line basis over the lease term.

Payments associated with short-term leases and low-value leases are recognised on a straight-line basis as an expense in the Consolidated Income Statement. Short-term leases are leases with a lease term of 12 months or less and low-value leases comprise of leases with an underlying asset value of less than \$5,000. Expenses recognised for these short-term and low-value leases for the year ended 31 December 2024 were \$1.5 million (2023: \$2.4 million).

Notes to the consolidated financial statements continued

24. LEASES (CONTINUED)

The movements in right-of-use assets were as follows:

	Real estate and other \$m	Vehicles \$m	Total \$m
As at 1 January 2023	65.6	13.8	79.4
Lease additions	14.2	10.9	25.1
Arising from acquisitions	1.6	–	1.6
Leases terminated	(7.4)	(0.9)	(8.3)
Depreciation of right-of-use assets	(14.7)	(8.0)	(22.7)
Impairment of right-of-use assets	(1.9)	–	(1.9)
Foreign exchange	0.9	0.6	1.5
As at 31 December 2023	58.3	16.4	74.7
Lease additions	9.8	12.4	22.2
Arising from acquisitions (Note 26)	0.4	0.5	0.9
Leases terminated	(0.7)	(1.0)	(1.7)
Depreciation of right-of-use assets	(14.8)	(8.4)	(23.2)
Impairment of right-of-use assets	(0.3)	–	(0.3)
Sublease of right-of-use assets	(2.1)	–	(2.1)
Foreign exchange	(1.9)	(1.1)	(3.0)
As at 31 December 2024	48.7	18.8	67.5

Movements in lease liabilities were as follows:

	2024 \$m	2023 \$m
Lease liabilities as at 1 January	85.5	88.3
Lease additions	22.2	25.1
Arising from acquisitions (Note 26)	0.9	1.6
Payment of lease liabilities	(24.7)	(22.7)
Leases terminated	(1.7)	(8.3)
Interest expense on lease liabilities (Note 25)	3.6	3.5
Interest paid on lease liabilities	(3.6)	(3.5)
Foreign exchange	(3.4)	1.5
Lease liabilities as at 31 December	78.8	85.5

The total cash outflow of lease liabilities including interest for the year ended 31 December 2024 was \$28.3 million (2023: \$26.2 million). Interest paid during the year was \$3.6 million (2023: \$3.5 million).

Lease liabilities by category at 31 December were as follows:

	2024			2023		
	Real estate and other \$m	Vehicles \$m	Total \$m	Real estate and other \$m	Vehicles \$m	Total \$m
Current	14.6	7.4	22.0	13.9	6.8	20.7
Non-current	45.4	11.4	56.8	55.3	9.5	64.8
Total	60.0	18.8	78.8	69.2	16.3	85.5

The maturity of lease liabilities at 31 December was as follows:

	2024			2023		
	Real estate and other \$m	Vehicles \$m	Total \$m	Real estate and other \$m	Vehicles \$m	Total \$m
Within 1 year	14.6	7.4	22.0	13.9	6.8	20.7
1 to 2 years	11.0	6.1	17.1	14.0	5.0	19.0
2 to 3 years	8.9	3.7	12.6	9.7	3.2	12.9
3 to 4 years	8.0	1.5	9.5	7.6	1.1	8.7
4 to 5 years	6.7	0.1	6.8	7.0	0.1	7.1
More than 5 years	10.8	–	10.8	17.0	0.1	17.1
Total	60.0	18.8	78.8	69.2	16.3	85.5

The undiscounted contractual cash flows in relation to the maturity of leases liabilities have been disclosed in Note 21 – Borrowings.

25. FINANCE INCOME AND EXPENSE

Finance expenses arise from interest on the Group's borrowings and lease liabilities. Finance income arises from interest earned on investment of surplus cash.

Accounting policy

Finance expenses, including the transaction costs for borrowings and any discount or premium on issue, are recognised in the Consolidated Income Statement using the effective interest rate method.

When existing debt is derecognised in the financial statements any transaction costs not amortised are recognised immediately in the Consolidated Income Statement.

Upon derecognition of financial liabilities, any unamortised financing fees are recognised immediately in the Consolidated Income Statement.

Interest related to qualifying assets under construction included within PP&E is capitalised (refer to Note 8 – Property, plant and equipment).

Refer to Note 24 – Leases for accounting policy on interest expense on lease liabilities.

Interest arising from interest rate swaps is recorded as either interest income or expense over the term of the agreement. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in the cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

Finance costs, net for the year ended 31 December were as follows:

	2024 \$m	2023 \$m
Finance income		
Interest income on cash and cash equivalents	4.8	5.2
Total finance income	4.8	5.2
Finance expense		
Interest expense on borrowings	(76.1)	(75.2)
Other financing-related fees ¹	(8.9)	(7.2)
Interest expense on interest rate derivatives	(0.2)	–
Interest expense on lease liabilities	(3.6)	(3.5)
Capitalised interest ²	6.4	5.4
Other finance costs	(0.5)	(0.2)
Total finance expense	(82.9)	(80.7)
Finance costs, net	(78.1)	(75.5)

1. Other financing-related fees include the amortisation of deferred financing fees associated with the multicurrency revolving credit facilities, term loan facilities and senior notes.
2. Capitalised interest was calculated using the Group's weighted average interest rate over the year of 6.0% (2023: 5.7%) and will be treated as tax deductible.

26. ACQUISITIONS

During the year to 31 December 2024, the Group completed the acquisition of Livramedom. The Group used acquisition accounting to reflect the fair value of the assets acquired and liabilities assumed as well as the intangible assets and goodwill recognised upon acquisitions. These valuations are considered provisional as at 31 December 2024.

The contingent consideration liabilities recognised by the Group is in respect of acquisitions and includes amounts contingent on future events such as development milestones and sales performance.

Accounting policy

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method of accounting. Consideration transferred in respect of an acquisition is measured at the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed on the date of the acquisition. Identified assets acquired and liabilities assumed are measured at their respective acquisition-date fair values.

The excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired is recorded as goodwill. If the fair value of the identifiable net assets acquired is greater than the fair value of the consideration given, the excess is recognised immediately in the Consolidated Income Statement as a bargain purchase gain. Acquisition-related costs are expensed as incurred.

The operating results of the acquired business are reflected in the Group's Consolidated Financial Statements from the date of acquisition.

Notes to the consolidated financial statements continued

26. ACQUISITIONS (CONTINUED)

Accounting policy (continued)

Contingent consideration arising from a business combination is recognised at fair value on acquisition. Contingent consideration classified as a liability is a financial instrument and within the scope of IFRS 9 – Financial Instruments and is subsequently measured at fair value, with the changes in fair value recognised in the Consolidated Income Statement, in accordance with IFRS 9. This is classified within Level 3 of the fair value hierarchy (Note 23 – Financial Instruments).

The classification of cash payments associated with contingent consideration within the Consolidated Statement of Cash Flows is dependent on the nature of the arrangement. The settlement of the amount initially recognised upon acquisition is reflected in cash flows from investing activities, with the element of the payment relating to any subsequent remeasurement included within cash flows from operating activities.

Livramedom

On 17 September 2024, the Group completed its acquisition of 100% of the share capital of Livramedom, a France-based retailer of equipment for the treatment of continence, wound healing, and stoma therapy disorders, which will strengthen our direct-to-consumer capabilities in Continence Care and Ostomy Care. The company was founded in 2006, and is based in Marseille, France. The total consideration for the acquisition was \$12.8 million (€11.5 million). There is no contingent consideration associated with this acquisition.

Assets acquired and liabilities assumed

The transaction meets the definition of a business combination and has been accounted for under the acquisition method of accounting. The following table summarises the provisional fair values of the assets acquired and liabilities assumed as at the acquisition date:

	Livramedom Provisional \$m
Non-current assets	
Right-of-use assets	1.0
Intangible assets	1.3
Other non-current receivables	0.1
Current assets	
Inventories	0.9
Trade and other receivables	1.5
Cash and cash equivalents	0.9
Total assets acquired	5.7
Current liabilities	
Trade and other payables	(3.0)
Lease liabilities	(0.3)
Deferred tax liabilities	(0.2)
Non-current liabilities	
Lease liabilities	(0.7)
Deferred tax liabilities	(0.2)
Total liabilities assumed	(4.4)
Net assets acquired	1.3
Goodwill (Note 9.2)	11.5
Total	12.8
Initial cash consideration	14.5
Working capital adjustment ¹	(1.5)
Gross indebtedness adjustment ¹	(0.2)
Total consideration	12.8

1. These are the Group's calculations of the working capital and gross indebtedness adjustments in accordance with the terms of the Merger Agreement. These were not finalised or paid by the reporting date.

Analysis of cash outflow in the Consolidated Statement of Cash Flows

	Livramedom Provisional \$m
Initial cash consideration	14.5
Cash and cash equivalents acquired	(0.9)
Net cash outflow from acquisitions, net of cash acquired	13.6

26. ACQUISITIONS (CONTINUED)

The fair values of the assets acquired and liabilities assumed are provisional at 31 December 2024. The Group will finalise these amounts as it obtains the information necessary to complete the measurement process. Any changes resulting from facts and circumstances that existed as of the acquisition dates may result in retrospective adjustments to the provisional amounts recognised at the acquisition date. The Group will finalise these amounts no later than one year from the acquisition date.

The provisional fair value of trade and other receivables amounted to \$1.5 million, with a gross contractual amount of \$1.6 million. At the acquisition date, the Group's best estimate of the contractual cash flows expected not be collected amounted to \$0.1 million.

Goodwill amounting to \$11.5 million was recognised on acquisition and is underpinned by a number of elements, which individually could not be quantified. Most significant amongst these is the premium attributable to a pre-existing, well-positioned business in the important Direct to Consumer market in France that will now allow Convatec to be more competitive. Additionally, Livramedom has a highly skilled workforce and established reputation. The Group expects cost savings, operational synergies and future growth opportunities to arise from combining the operations of the business to those of the Group. The Livramedom acquisition is included in the Continence Care CGU.

Acquisition-related costs

The Group incurred \$3.5 million of acquisition-related costs in the year, primarily relating to legal and professional fees in respect of completed or aborted acquisitions in both the current year and previous years. The acquisition-related costs have been recognised in general and administrative expenses in the Consolidated Income Statement.

Revenue and profit

The revenue of Livramedom for the period from the acquisition date to 31 December 2024 was \$4.8 million and net loss for the period was \$0.6 million. If the acquisition had been completed on 1 January 2024, reported Group revenue would have been \$11.4 million higher and Group profit for the year would have been \$0.1 million higher.

Contingent consideration

As at 31 December 2024, the discounted fair value of the contingent consideration payable in respect of the Group's acquisitions was \$70.3 million. During the year, final earn out payments totalling \$70.9 million were made in respect of the Cure Medical and Triad Life Sciences acquisitions (\$22.8 million recognised within cash flows from investing activities and \$48.1 million recognised within cash flows from operating activities in the Consolidated Statement of Cash Flows). The net charge to the income statement in respect of changes in the fair value of contingent consideration (based on the best estimates of the amounts payable as at 31 December 2024) was \$4.6 million. In addition, there was a foreign exchange movement of \$1.4 million from the re-translation of non-USD denominated balances.

The movement in contingent consideration to 31 December was as follows:

	2024 \$m	2023 \$m
1 January	138.0	140.0
Contingent consideration from acquisitions	-	66.7
Fair value movement of contingent consideration	4.6	24.6
Utilised	(70.9)	(94.7)
Foreign exchange	(1.4)	1.4
31 December	70.3	138.0
Current	53.3	69.7
Non-current	17.0	68.3

The expected payment profile of the contingent consideration at 31 December was as follows:

	2024 \$m	2023 \$m
Within 1 year	53.3	69.7
2 to 5 years	0.4	55.8
More than 5 years	16.6	12.5
Total	70.3	138.0

Notes to the consolidated financial statements continued

26. ACQUISITIONS (CONTINUED)

Fair value of contingent consideration at reporting date

Contingent consideration arising on business combinations is classified as a recurring fair value measurement within Level 3 of the fair value hierarchy, in line with IFRS 13 Fair Value Measurements. Key unobservable inputs in respect of the Group's acquisitions include actual results, management forecasts and an appropriate discount rate.

As at 31 December 2024, the discounted fair value of the contingent consideration payable in respect of the Group's acquisitions was \$70.3 million (2023: \$138.0 million).

Management has determined that the potential range of undiscounted outcomes at 31 December 2024 is between \$58.8 million and \$163.9 million, from a maximum undiscounted amount of \$163.9 million.

The table below shows an indicative basis of the sensitivity to the income statement and balance sheet at 31 December 2024.

	Sales forecast				Discount rate			
	5%	10%	-5%	-10%	1%	2%	-1%	-2%
Increase/(decrease) in financial liability and loss/(gain) in income statement	0.5	1.0	(0.5)	(1.1)	(1.8)	(3.3)	2.0	4.0

27. COMMITMENTS AND CONTINGENCIES

Commitments represent the Group's future capital expenditure which is not recognised as a liability in the Consolidated Financial Statements but represents a non-cancellable commitment.

A contingent liability is a possible liability that is not sufficiently certain to qualify for recognition as a provision because the amount cannot be measured reliably or because settlement is not considered probable.

Capital commitments

At 31 December 2024, the Group had non-cancellable commitments for the purchase of property, plant and equipment, capitalised software and development of \$42.6 million (2023: \$22.3 million).

Contingent liabilities

The Company and its subsidiaries are party to various legal claims and disputes which arise in the normal course of business. Provisions are recognised for outcomes that are deemed probable and can be reliably estimated. Management believe that any material liability in respect of legal actions and claims not already provided for, is remote.

28. RELATED PARTY TRANSACTIONS

The Directors have not identified any related parties to the Group, other than the key management personnel. The Group considers key management personnel as defined in IAS 24, *Related Party Disclosures* to be the members of the CELT as set out on pages 94 to 95 and the Non-Executive Directors as set out on pages 92 to 93.

Key management personnel compensation

Key management personnel compensation for the year ended 31 December was as follows:

	2024 \$m	2023 \$m
Short-term employee benefits	18.6	15.5
Share-based payment expense	9.2	7.1
Post-employment benefits	0.6	0.5
Termination benefits	0.3	–
Total	28.7	23.1

Further details of short-term employee benefits, share-based payment expense and post-employment benefits for the two Executive Directors are shown on page 135. Details of the Non-Executive Directors' fees, included in the table above, are provided on page 143.

The Group has not been a party to any other material transaction, or proposed transactions, in which any member of the key management personnel had or was to have a direct or indirect material interest.

29. SUBSEQUENT EVENTS

The Group has evaluated subsequent events through to 25 February 2025, the date the Consolidated Financial Statements were approved by the Board of Directors.

On 25 February 2025, the Board proposed the final dividend in respect of 2024 subject to shareholder approval at the Annual General Meeting on 22 May 2025, to be distributed on 29 May 2025. See Note 18 – Dividends to the Consolidated Financial Statements for further details.

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONVATEC GROUP PLC

Report on the audit of the Financial Statements

1. Opinion

In our opinion:

- the Financial Statements of Convatec Group Plc (the Company) and its subsidiaries (the Group) give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2024 and of the Group's profit for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB);
- the Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements which comprise:

- the Consolidated Income Statement;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated and Company Statements of Financial Position;
- the Consolidated and Company Statements of Changes in Equity;
- the Consolidated Statement of Cash Flows; and
- the related Notes 1 to 29 of the Consolidated Financial Statements and Notes 1 to 10 of the Company Financial Statements.

The financial reporting framework that has been applied in the preparation of the Group Financial Statements is applicable law and United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the IASB. The financial reporting framework that has been applied in the preparation of the Company Financial Statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the Financial Statements section of our report.

We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and the Company for the year are disclosed in Note 3.3 to the Financial Statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: – Revenue recognition in key markets Within this report, key audit matters are identified as follows: Similar level of risk
Materiality	The materiality that we used for the Group Financial Statements was \$11.8m which was determined on the basis of profit before tax adjusted for certain items.
Scoping	Combined, we performed audit procedures across 23 components in 13 countries accounting for 78% of revenue, 81% of profit before tax and 90% of net assets.
Significant changes in our approach	We have concluded that the valuation of contingent consideration is no longer a key audit matter following payments agreed and made in the year and revisions to contractual terms. We have also determined that the acquisition of Starlight Science is no longer a key audit matter given that the acquisition took place in the prior financial year. Finally, our audit approach for 2024 changed to execute a significantly higher proportion of audit work through the Group's Global Business Services (GBS) centre.

4. Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

Our evaluation of the Directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of the Directors' process for determining the appropriateness of the use of the going concern basis;
- Assessing the availability of financing facilities, including nature of facilities, repayment terms and covenants;
- Testing the accuracy of management's models, including agreement to the most recent Board-approved budgets and forecasts;
- Challenging the key assumptions used in these forecasts by determining whether there was adequate support for the assumptions, including consideration of ongoing global macroeconomic uncertainty;
- Assessing the historical accuracy of forecasts prepared by management;
- Evaluating sensitivity analysis and its impact on available financial headroom; and
- Assessing the appropriateness of the disclosures within the Financial Statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Company's ability to continue as a going concern for a period of at least 12 months from when the Financial Statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' Statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Independent auditor's report continued

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Revenue recognition in key markets

Key audit matter description	The Group recorded revenue of \$2,289.2m for the year ended 31 December 2024 (31 December 2023: \$2,142.4m) under IFRS 15: <i>Revenue from Contracts with Customers</i> (IFRS 15). As disclosed in Note 2.1 to the Group Financial Statements, the Group's policy is to recognise revenue when control over a product has transferred, generally on delivery, to a customer, distributor or wholesaler. The Group measures revenue for goods sold based on the consideration specified in a contract with a customer, net of discounts, rebates, chargeback allowances and sales related taxes. Further information is included in the geographic segment information in Note 2.2. For certain sales of new and recently launched products to individual doctors, medical centres and hospitals, there is judgement in estimating the transaction price due to: – Uncertainties over the payment and timing of the customers' insurance reimbursements; and – The limited established market practice and customer payment history. As the audit of revenue is one of the key determinants of our overall audit strategy requiring significant allocation of audit resources, and there is judgement in estimating the total transaction price in certain elements of revenue in key markets as described above, revenue recognition has been included as a key audit matter. The Audit and Risk Committee includes its assessment of this matter on page 106.
How the scope of our audit responded to the key audit matter	We performed the following procedures: – We completed walkthroughs of the revenue cycle to gain an understanding of the end-to-end revenue processes and tested relevant controls across the Group; – We tested the general IT controls and relevant automated business controls in the main financial reporting system used by the Group; – We evaluated the accounting policy for revenue relating to sales of new and recently launched products against the requirements of IFRS 15; – We obtained Management's latest sales forecasts, as well as scenario analyses, and details of sales and collections made subsequent to the balance sheet date to evaluate sales patterns and cycles; – We assessed the relevance and reliability of the underlying data used in determining the transaction price for certain contracts with customers for new and recently launched products; – We performed analytical procedures to assess the relationship between revenue, receivables and cash collections for new and recently launched products; – We performed analytical reviews to identify potentially unusual sales trends and obtained an explanation for any such movements; – We held direct enquiries with category and geographic market leaders, assessing changes in customer demand and new product introductions that might impact sales patterns; – We performed detailed transaction testing on a sample basis, agreeing sales through to invoice, final sales contracts and delivery notes; – We reviewed any relevant updates to distributor contracts to assess the terms of sale and to support recalculation of rebates and chargebacks associated with the revenue; – We assessed whether the disclosures within the annual report and accounts are in compliance with the requirements of IFRS 15; and – We assessed Management's analysis as to whether any elements of revenue recognition would constitute a key source of estimation uncertainty in the Financial Statements.
Key observations	We are satisfied that revenue recognised across key markets and the disclosures made are appropriate.

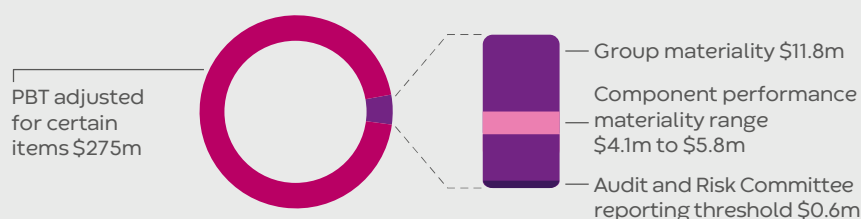
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the Financial Statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

	Group Financial Statements	Company Financial Statements
Materiality	\$11.8m (2023: \$10.8m)	\$5.9m (2023: \$5.5m)
Basis for determining materiality	4.3% (2023: 4.8%) of profit before tax adjusted for certain items totalling \$28.7m, which include acquisition and divestiture-related costs.	The Company materiality equates to 0.1% (2023: 0.1%) of net assets.
Rationale for the benchmark applied	In determining our materiality benchmark, we considered the focus of the users of the Financial Statements. Profit before tax is the base from which key performance measures are calculated as well as key metrics used in providing trading updates. We have adjusted profit before tax for certain items as summarised above.	In determining our materiality, we considered net assets as the appropriate benchmark given the Company is primarily a holding company for the Group.



- PBT adjusted for certain items
- Group materiality

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the Financial Statements as a whole.

	Group Financial Statements	Company Financial Statements
Performance materiality	70% (2023: 70%) of Group materiality	70% (2023: 70%) of Company materiality
Basis and rationale for determining performance materiality	We set performance materiality at a level that we consider normal for the audit of public companies. In determining performance materiality, we considered the following factors: - our risk assessment, including our understanding of the entity and its overall control environment; - the quality of the control environment and control reliance adopted over certain business processes and IT systems; - the disaggregated nature of the Group and the likelihood of an individually material error; and - our cumulative experience from prior year audits and low level of corrected and uncorrected misstatements identified.	
Component performance materiality	For components other than the Company, where our work on a component included an audit of the entire financial information or an audit on one of more classes of transactions, account balances and disclosures, this work was completed to component performance materiality levels between \$4.1m and \$5.8m (2023: \$4.0m and \$5.5m).	

6.3. Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of \$0.6m (2023: \$0.5m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

Independent auditor's report continued

7. An overview of the scope of our audit

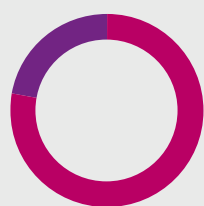
7.1. Identification and scoping of components

Our Group audit was scoped by developing an appropriate audit plan for each significant account, in line with the requirements of ISA 600 Revised: *Special Considerations – Audits of Group Financial Statements (Including the Work of Competent Auditors)*. We assessed the qualitative and quantitative characteristics of each Financial Statement line item and considered the relative contribution of each component to these line items in determining which components would be subject to audit procedures. In performing our assessment, we have considered the geographical spread of the Group and any risks presented within each region. We also considered the presence of individual financial transactions of a significant nature.

Based on this assessment, we focused our work on 23 (2023: 23) components covering 13 (2023: 13) countries, 78% (2023: 80%) of revenue, 81% (2023: 84%) of profit before tax and 90% (2023: 83%) of net assets. The 23 (2023: 23) components are in the US, UK, Australia, Brazil, Canada, Denmark, Dominican Republic, France, Germany, Italy, Slovakia, Spain and Switzerland, which include the principal operating units of the Group.

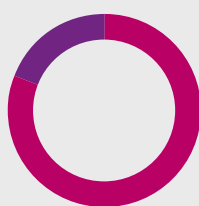
In carrying out our work, we responded to management's continued progress in centralising finance processes in GBS. We centrally determined the scope of the audit procedures executed by component and GBS audit teams, with a significantly higher proportion of work performed by the GBS team in the year ended 31 December 2024.

Revenue



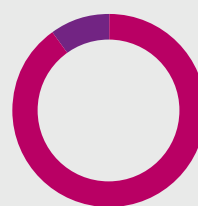
- Subject to audit procedures 78%
- Review at group level 22%

Profit before tax



- Subject to audit procedures 81%
- Review at group level 19%

Net assets



- Subject to audit procedures 90%
- Review at group level 10%

7.2. Our consideration of the control environment

We obtained an understanding of the relevant internal controls over the financial reporting process for our audit risk assessment. We have continued to place greater reliance on financial controls, as a higher proportion of the Group's financial controls have been transferred to the Group's GBS, which has a standardised controls and processing environment. We have tested and placed reliance on relevant financial controls within the revenue and expenditure business cycles processed within the Group's GBS, including automated controls. Within other components, we have obtained an understanding of relevant controls.

We identified IT systems relevant to the audit of the Group and obtained an understanding of relevant IT controls. For some operating companies, including the main financial reporting IT environment in the GBS centre, we tested the general IT controls with the involvement of our IT specialists and placed reliance on general IT controls.

7.3. Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the Group's business and its Financial Statements. The Group has reassessed the risk and opportunities relevant to climate change and maintained the Environment & Communities risk as a principal risk across the Group. This risk grading has been maintained at the same level as the prior year and has been considered and embedded into the business as explained in the Strategic Report.

As a part of our audit procedures, we have reviewed the Group's environment related risk assessment and held discussions with the Audit and Risk Committee to understand the process of identifying climate-related risks, the determination of mitigating actions and the impact on the Group's Financial Statements. While management has acknowledged that the transition and physical risks posed by climate change have the potential to impact the medium- to long-term success of the business, they have assessed that there is no material impact arising from climate change on the judgements and estimates made in the Group Financial Statements as at 31 December 2024 as explained in Note 1.3 on page 162.

We performed our own qualitative risk assessment of the potential impact of climate change on the Group's account balances and classes of transactions and did not identify any additional risks of material misstatement. Our procedures include reviewing disclosures included in the Strategic Report to consider whether they are materially consistent with the Financial Statements and our knowledge obtained in the audit.

7.4. Working with other auditors

As part of our oversight of the component teams, planning meetings were held with all component auditors. The purpose of these planning meetings was to determine whether the component teams had sufficient understanding of the Group's businesses, its core strategy and significant risks.

We issued our component teams detailed instructions, included them in our team briefings and discussed their risk assessment. We also provided direction in response to enquiries made by the component auditors. All the findings observed were discussed with the component auditors in detail and instructions to perform further procedures were issued where relevant.

We visited local operations in the UK, US and GBS Portugal. Considering the importance of GBS to the Group Financial Statements, and the evolution of the audit strategy to greater testing of and reliance on financial controls in certain global processes, we maintained frequent interactions with management and component teams during the planning and audit execution stages.

8. Other information

The other information comprises the information included in the annual report, other than the Financial Statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine 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, the Directors are responsible for assessing the Group's and 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 unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

10. 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 (UK) 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.

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error that was approved by the Board;
- results of our enquiries of management, internal audit, the Directors and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;

- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team, including significant component audit teams and relevant internal specialists, including tax, valuations, IT and forensics specialists regarding how and where fraud might occur in the Financial Statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in certain elements of revenue recognition. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the Financial Statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pensions legislation and tax legislation. In addition, we considered provisions of other laws and regulations that do not have a direct effect on the Financial Statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Food and Drug Administration (FDA) regulations and the Medical Devices Regulations (MDR).

11.2. Audit response to risks identified

As a result of performing the above, we identified revenue recognition in key markets as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to those key audit matters. In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the Financial Statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the Financial Statements;
- enquiring of management, the Audit and Risk Committee and both in-house and external legal counsel concerning actual and potential litigation and claims;

Independent auditor's report continued

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with tax authorities in jurisdictions in which the Group operates; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

13. Corporate Governance Statement

The UK Listing Rules require us to review the Directors' Statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements and our knowledge obtained during the audit:

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 161;
- the Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 82;
- the Directors' statement on fair, balanced and understandable set out on page 105;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 72;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 91; and
- the section describing the work of the Audit and Risk Committee set out on pages 104 to 113.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company Financial Statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Auditor tenures

15.1. Auditor tenure

Following the recommendation of the Audit and Risk Committee, we were appointed by the Directors on 12 December 2016 to audit the Financial Statements for the year ending 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is nine years, covering the years ending 31 December 2016 to 31 December 2024.

15.2. Consistency of the audit report with the additional report to the Audit and Risk Committee

Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R-DTR 4.1.18R, these Financial Statements form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R-DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R-DTR 4.1.18R.

Claire Faulkner, FCA
(Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
25 February 2025

INDEX TO THE FINANCIAL STATEMENTS

INDEX TO THE 2023 CONDENSED CONSOLIDATED INCOME STATEMENT

Consolidated financial statements of Convatec Group plc, as at and for the financial year ended 31 December 2023 which includes the comparative restated figures for the financial year ended 31 December 2022

Consolidated Income Statement	F - 72
Consolidated Statement of Comprehensive Income	F - 72
Consolidated Statement of Financial Position	F - 73
Consolidated Statement of Changes in Equity.....	F - 74
Consolidated Statement of Cash Flows	F - 75
Notes to the Consolidated Financial Statements	F - 76
Independent Auditor's Report	F - 121

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

	Notes	2023 \$m	2022 \$m
Revenue	2	2,142.4	2,072.5
Cost of sales		(941.8)	(968.6)
Gross profit		1,200.6	1,103.9
Selling and distribution expenses		(612.5)	(575.9)
General and administrative expenses		(212.9)	(214.9)
Research and development expenses		(110.0)	(92.0)
Other operating expenses	4	(2.5)	(13.8)
Operating profit	3	262.7	207.3
Finance income	25	5.2	5.5
Finance expense ¹	25	(80.7)	(57.6)
Fair value movement of contingent consideration ¹	14	(24.6)	(45.1)
Non-operating income/(expense), net ¹	5	4.8	(28.2)
Profit before income taxes		167.4	81.9
Income tax expense	6	(37.1)	(19.0)
Net profit		130.3	62.9
Earnings per share			
Basic earnings per share (cents per share)	7	6.4¢	3.1¢
Diluted earnings per share (cents per share)	7	6.3¢	3.1¢

1. The comparatives have been re-presented as outlined in Note 1.6 to the Consolidated Financial Statements.

The accounting policies and notes on pages 152 to 196 form an integral part of the Consolidated Financial Statements. All amounts are attributable to shareholders of the Group and wholly derived from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 \$m	2022 \$m
Net profit		130.3	62.9
Items that will not be reclassified subsequently to the Consolidated Income Statement			
Remeasurement of defined benefit pension plans, net of tax	15	(0.2)	8.4
Fair value movement on equity investments	10	(7.8)	-
Items that may be reclassified subsequently to the Consolidated Income Statement			
Foreign currency translation		54.9	(113.6)
Realisation of cumulative translation adjustments		-	12.2
Effective portion of changes in fair value of cash flow hedges	23	0.7	(7.7)
Changes in fair value of cash flow hedges reclassified to the Consolidated Income Statement	23	(0.8)	16.5
Costs of hedging	23	(0.5)	(1.1)
Income tax in respect of items that may be reclassified		0.1	2.4
Other comprehensive income/(expense)		46.4	(82.9)
Total comprehensive income/(expense)		176.7	(20.0)

All amounts are attributable to shareholders of the Group and wholly derived from continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 \$m	2022 \$m
Assets			
Non-current assets			
Property, plant and equipment	8	473.8	400.4
Right-of-use assets	24	74.7	79.4
Intangible assets ¹	9	935.3	924.9
Goodwill ¹	9	1,298.8	1,224.6
Investment in financial assets	10	22.9	30.7
Deferred tax assets	6	21.2	26.6
Derivative financial assets	23	–	0.2
Restricted cash	22	5.3	7.3
Other non-current receivables	12	11.7	8.6
		2,843.7	2,702.7
Current assets			
Inventories	11	396.1	336.9
Trade and other receivables ¹	12	333.7	339.3
Current tax receivable ¹		16.5	24.7
Derivative financial assets	23	13.6	26.4
Restricted cash	22	12.5	18.2
Cash and cash equivalents	22	97.6	143.8
		870.0	889.3
Total assets		3,713.7	3,592.0
Equity and liabilities			
Current liabilities			
Trade and other payables	13	388.7	346.6
Lease liabilities	24	20.7	20.3
Current tax payable		26.6	33.5
Derivative financial liabilities	23	16.7	32.5
Provisions	14	83.7	100.2
		536.4	533.1
Non-current liabilities			
Borrowings	21	1,226.9	1,211.9
Lease liabilities	24	64.8	68.0
Deferred tax liabilities	6	88.2	83.2
Provisions	14	71.3	53.1
Derivative financial liabilities	23	0.9	0.3
Other non-current liabilities	13	32.5	32.7
		1,484.6	1,449.2
Total liabilities		2,021.0	1,982.3
Net assets		1,692.7	1,609.7
Equity			
Share capital	17	251.5	250.7
Share premium	17	181.0	165.7
Own shares	17	(0.6)	(1.5)
Retained deficit		(888.7)	(892.2)
Merger reserve		2,098.9	2,098.9
Cumulative translation reserve		(122.2)	(177.1)
Other reserves	17	172.8	165.2
Total equity		1,692.7	1,609.7
Total equity and liabilities		3,713.7	3,592.0

1. The comparatives have been re-presented as outlined in Note 1.6 to the Consolidated Financial Statements.

The Consolidated Financial Statements of Convatec Group Plc, company number 10361298, were approved by the Board of Directors and authorised for issue on 5 March 2024 and signed on its behalf by:

Jonny Mason
Chief Financial Officer

Karim Bitar
Chief Executive Officer

Consolidated financial statements continued

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Notes	Share capital \$m	Share premium \$m	Own shares \$m	Retained deficit \$m	Merger reserve \$m	Cumulative translation reserve \$m	Other reserves \$m	Total \$m
At 1 January 2022		247.0	142.3	(2.2)	(842.0)	2,098.9	(75.7)	126.5	1,694.8
Net profit		-	-	-	62.9	-	-	-	62.9
Other comprehensive (expense)/income:									
Foreign currency translation adjustment, net of tax		-	-	-	-	-	(113.6)	-	(113.6)
Realisation of cumulative translation adjustments	5	-	-	-	-	-	12.2	-	12.2
Remeasurement of defined benefit pension plans, net of tax	15	-	-	-	-	-	-	8.4	8.4
Changes in fair value of cash flow hedges, net of tax		-	-	-	-	-	-	10.1	10.1
Other comprehensive (expense)/income		-	-	-	-	-	(101.4)	18.5	(82.9)
Total comprehensive (expense)/income		-	-	-	62.9	-	(101.4)	18.5	(20.0)
Dividends paid	18	-	-	-	(88.1)	-	-	-	(88.1)
Scrip dividend	17, 18	1.1	23.4	-	(24.5)	-	-	-	-
Allotment of shares to Employee Benefit Trust	17	2.6	-	(2.6)	-	-	-	-	-
Share-based payments	19	-	-	-	-	-	-	16.6	16.6
Share awards vested		-	-	3.3	-	-	-	2.9	6.2
Excess deferred tax benefit from share-based payments		-	-	-	-	-	-	0.2	0.2
Transfer between reserves		-	-	-	(0.5)	-	-	0.5	-
At 31 December 2022		250.7	165.7	(1.5)	(892.2)	2,098.9	(177.1)	165.2	1,609.7
Net profit		-	-	-	130.3	-	-	-	130.3
Other comprehensive (expense)/income:									
Foreign currency translation adjustment, net of tax		-	-	-	-	-	54.9	-	54.9
Remeasurement of defined benefit pension plans, net of tax	15	-	-	-	-	-	-	(0.2)	(0.2)
Changes in fair value of cash flow hedges, net of tax		-	-	-	-	-	-	(0.5)	(0.5)
Changes in fair value of equity investments	10	-	-	-	-	-	-	(7.8)	(7.8)
Other comprehensive income/(expense)		-	-	-	-	-	54.9	(8.5)	46.4
Total comprehensive income/(expense)		-	-	-	130.3	-	54.9	(8.5)	176.7
Dividends paid	18	-	-	-	(110.7)	-	-	-	(110.7)
Scrip dividend	17, 18	0.8	15.3	-	(16.1)	-	-	-	-
Share-based payments	19	-	-	-	-	-	-	14.5	14.5
Share awards vested		-	-	0.9	-	-	-	1.5	2.4
Excess deferred tax benefit from share-based payments		-	-	-	-	-	-	0.1	0.1
At 31 December 2023		251.5	181.0	(0.6)	(888.7)	2,098.9	(122.2)	172.8	1,692.7

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 \$m	2022 \$m
Cash flows from operating activities			
Net profit		130.3	62.9
Adjustments for:			
Depreciation of property, plant and equipment	8	37.5	39.7
Depreciation of right-of-use assets	24	22.7	22.1
Amortisation of intangible assets	9	154.6	147.4
Income tax	6	37.1	19.0
Non-operating (income)/expense, net ¹	5	(9.6)	26.5
Fair value movement of contingent consideration	14	24.6	45.1
Finance costs, net ¹	25	75.5	52.1
Share-based payments	19	14.6	16.7
Impairment/write-off of intangible assets	9	-	6.3
Impairment/write-off of property, plant and equipment	8	2.7	9.2
Impairment/write-off of right-of-use assets	24	1.9	-
Change in assets and liabilities:			
Inventories		(49.4)	(36.3)
Trade and other receivables		18.7	(54.3)
Derivative financial assets		11.5	(9.3)
Other non-current receivables		(1.1)	3.0
Restricted cash		7.8	(11.8)
Trade and other payables ¹		21.1	14.7
Derivative financial liabilities		(13.4)	20.7
Provisions ¹		4.8	9.8
Other non-current payables ¹		(1.3)	1.0
Net cash generated from operations		490.6	384.5
Interest received		5.2	5.5
Interest paid		(70.8)	(55.4)
Payment of contingent consideration arising from acquisitions	26	(21.7)	-
Income taxes paid		(35.9)	(52.9)
Net cash generated from operating activities		367.4	281.7
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets	8,9	(129.2)	(144.2)
Proceeds from sale of property, plant and equipment	8	0.6	-
Acquisitions, net of cash acquired	26	(84.4)	(123.3)
Payment of contingent consideration arising from acquisitions	26	(73.0)	(50.0)
Net cash inflow/(outflow) arising from divestitures		0.3	(0.1)
Investment in financial assets	10	-	(30.7)
Net cash used in investing activities		(285.7)	(348.3)
Cash flows from financing activities			
Repayment of borrowings	21	-	(842.5)
Proceeds from borrowings	21	9.4	714.2
Payment of lease liabilities	24	(22.7)	(20.7)
Dividends paid	18	(110.7)	(88.1)
Net cash used in financing activities		(124.0)	(237.1)
Net change in cash and cash equivalents		(42.3)	(303.7)
Cash and cash equivalents at beginning of the year	22	143.8	463.4
Effect of exchange rate changes on cash and cash equivalents		(3.9)	(15.9)
Cash and cash equivalents at end of the year	22	97.6	143.8

1. The comparatives have been re-presented as outlined in Note 1.6 to the Consolidated Financial Statements.

Notes to the consolidated financial statements

1. BASIS OF PREPARATION

This section describes the Group's significant accounting policies that relate to the Consolidated Financial Statements and explains critical accounting judgements and estimates that management has identified as having a potentially material impact to the Group. Specific accounting policies relating to the Notes to the Consolidated Financial Statements are described within that note.

1.1 General information

Convatec Group Plc (the Company) is a public limited company incorporated in the United Kingdom under the Companies Act of 2006. The Company's registered office is 7th Floor, 20 Eastbourne Terrace, London, W2 6LG, United Kingdom.

The Consolidated Financial Statements have been prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The Consolidated Financial Statements are presented in US dollars (USD), which is also the functional currency as the revenue and operating profits of the Company and its subsidiaries (collectively, the Group) are primarily generated in US dollars and US dollar-linked currencies. All values are rounded to \$0.1 million except where otherwise indicated.

Pages 5 to 7 in the Strategic report provide further detail of the Group's principal activities and nature of its operations.

1.2 Significant accounting policies

The following significant accounting policies apply to the Consolidated Financial Statements as a whole:

Basis of accounting and presentation

The consolidated financial information has been prepared on a historical cost basis, except for certain financial instruments where fair value has been applied. Historical cost is generally based on the value of the consideration given in exchange for goods and services.

Basis of consolidation

The Consolidated Financial Statements include the results of the Company and all of its subsidiary undertakings. Subsidiaries are entities controlled ultimately by the Company. Control exists when the Company ultimately: (i) has power over the investee; (ii) is exposed, or has rights, to variable returns from its involvement in the investee; and (iii) has the ability to use its power to affect its returns. The Company reassesses whether or not it ultimately controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The consolidated financial information of the Company's subsidiaries is included within the Group's Consolidated Financial Statements from the date that control commences until the date that control ceases and is prepared for the same year-end date using consistent accounting policies.

Going concern

As discussed in the Financial review on pages 26 to 33, the overall financial performance of the business remains strong with a robust liquidity position.

As at 31 December 2023, the Group held cash and cash equivalents of \$97.6 million (31 December 2022: \$143.8 million), and borrowings of \$1,226.9 million (31 December 2022: \$1,211.9 million). The borrowings as at 31 December 2023 comprised of senior notes of \$500.0 million, term loan of \$250.0 million, and drawn multicurrency revolving credit facilities of \$490.6 million, net of unamortised financing fees of \$13.7 million. During the year, the term of the \$950.0 million multicurrency revolving credit facility was extended by an additional year and is now committed to November 2028. The term loan and senior notes remain repayable in 2027 and 2029 respectively. \$459.4 million of the multicurrency revolving credit facilities remained undrawn as at 31 December 2023, which together with cash and cash equivalents of \$97.6 million, provided the Group with total liquidity of \$557.0 million as at that date (2022: \$616.6 million). The principal financial covenants remain unchanged and as at 31 December 2023, the Group was in compliance with its financial covenants.

In preparing their assessment of going concern, the Directors have considered available cash resources, financial performance and forecast performance, including strategy delivery, together with the Group's financial covenant compliance requirements and principal risks and uncertainties. The Directors have used cash flow forecasts and actual performance in 2023, the Board approved 2024 budget and longer-term strategic plan as foundations. The forecasts reflected the full potential funding requirements in relation to the remaining estimated contingent consideration payable in relation to the Group's acquisitions. The Directors have considered a going concern period to 31 December 2025, which is at least 12 months from the date of approval of the Consolidated Financial Statements.

In accordance with FRC guidance, management applied severe but plausible downside scenarios linked to the Group's principal and emerging risks, including supply chain disruption, cyber security disruption, significant regulatory breaches, financial market distress and geopolitical events. Scenarios combining certain risks were also considered. Further details of the specific scenarios are provided in the Viability statement on pages 86 and 87. The Board has reviewed these scenarios as part of the going concern assessment and has concluded that these scenarios are in line with the Group's principal and emerging risks and continue to reflect the potential financial risk of severe but plausible downside events and circumstances during the going concern period. Under each scenario, the Group is forecast to retain significant liquidity and covenant headroom throughout the going concern period.

The Group has carried out a reverse stress test against the forecast base case to determine the performance levels that would result in a breach of covenants. For a breach of covenants to occur in the next 12 months, before Board and management mitigation, the Group would need to experience a sustained revenue reduction of at least 10% across all categories and markets. This was considered to be implausible given the Group's strong global market position and diversified portfolio of products and the mitigations available to the Board and management, which include reducing expansionary capital investment.

Accordingly, at the time of approving these Consolidated Financial Statements, the Directors have a reasonable expectation that the Group and the Company will have adequate liquid resources to meet their respective liabilities as they become due and will be able to sustain its business model, strategy and operations and remain solvent for a period of at least 12 months from 5 March 2024.

Foreign currency translation and transactions

Assets and liabilities of subsidiaries whose functional currency is not US dollars are translated into US dollars at the rate of exchange at the period end. Equity is translated into US dollars at historic rate. Income and expenses are translated into US dollars at the average rates of exchange prevailing during the year. Foreign currency gains and losses resulting from the translation of subsidiaries into US dollars are recognised in the Consolidated Statement of Comprehensive Income. Exchange differences arising from the translation of the net investment in foreign operations are taken to the cumulative translation reserve within equity. They are recycled and recognised in the Consolidated Income Statement upon disposal of the operation.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Any gain or loss arising from subsequent exchange rate movements is included as an exchange gain or loss in the Consolidated Income Statement.

1.3 Climate change

The Directors recognise the risk of climate change on the business and acknowledge that the Group must take appropriate action to mitigate and, where feasible, prevent further climate change impact. Accordingly, climate related risks have been identified as a principal risk and discussed in greater detail in the 'Principal Risks' section within the Annual Report and Accounts.

Whilst the valuation of our assets and liabilities has not been materially impacted as at 31 December 2023, the Group will continue to monitor possible implications of climate related risks that could arise in future years on both future cash flows and the valuation of the Group's assets and liabilities, as Government policies and the Group's own strategy and transition plans evolve. Further detail is provided within the 'Responsible business review' and 'The Task Force on Climate-related Financial Disclosure' sections of the Annual Report and Accounts on pages 38 to 75.

1.4 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements, in conformity with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRS), requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported value of assets and liabilities, income and expense. Actual results may differ from these estimates or judgements of likely outcome. Management regularly reviews, and revises as necessary, the accounting judgements that significantly impact the amounts recognised in the Consolidated Financial Statements and the sources of estimation uncertainty that are considered to be key estimates due to their potential to give rise to material adjustments in the Group's Consolidated Financial Statements within the next financial year.

In preparing the Consolidated Financial Statements no critical accounting judgements have been identified. Management have identified one key source of estimation uncertainty in respect of the provision for contingent consideration on acquisitions. The nature of the uncertainty arises from both the estimation of the undiscounted amounts expected to be paid and the estimation of the timing of discrete payments.

The underlying drivers of the contingent consideration are determined in accordance with the contractual terms of the purchase agreements for each relevant acquisition and may vary depending on the amounts or timing of product revenues (including future revenues, which are inherently uncertain), particularly when it relates to products which are relatively new to market or not yet launched, the future achievement of regulatory clearance for new products, or other uncertainties deriving from the purchase agreement, which may be subject to negotiation. The Group estimates provisions for contingent consideration based on information available at the balance sheet date that includes forecasts that run up to 20 years into the future and expectations of when future events that trigger payments will happen. Future payment forecasts are discounted to present value in accordance with the requirements of IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Actual results may differ from estimates or there may be delays to estimated timetables for regulatory clearances which would lead to a change in estimate of provisions for contingent consideration and may vary materially within the next financial year. At 31 December 2023 the discounted estimate of provisions for contingent consideration was \$138.0 million (see Note 26 – Acquisitions). Management has determined that a reasonable possible range of discounted outcomes within the next financial year is \$50.0 million to \$156.0 million.

As detailed further in the Group's Audit and Risk Committee report on pages 110 to 119, the Committee has reviewed, discussed, and challenged management on its determination that there were no identified critical accounting judgements, and the key source of estimation uncertainty regarding the calculation of the contingent consideration provision and the Committee has subsequently agreed with management.

Notes to the consolidated financial statements continued

1. BASIS OF PREPARATION (CONTINUED)

1.5 Accounting standards

New standards, interpretations and amendments applied for the first time

On 1 January 2023, the Group adopted the following amendments which are mandatorily effective for the period beginning 1 January 2023:

- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);*
- *Definition of Accounting Estimates (Amendments to IAS 8);*
- *Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12);*
- *IFRS 17 – Insurance contracts; and*
- *International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12).*

The adoption during the year of the amendments and interpretations has not had a material impact on the Consolidated Financial Statements.

Apart from these changes, the accounting policies set out in the Notes have been applied consistently to both years presented in these Consolidated Financial Statements.

New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2024:

- *IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback);*
- *IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current); and*
- *IAS 1 Presentation of Financial Statements (Amendment – Non-current liabilities with Covenants).*

The Group is currently assessing the impact of these new accounting standards and amendments and does not believe these will have a material impact on the Group.

Other interpretations and amendments

In addition to these issued standards, there are a number of other interpretations, amendments and annual improvement project recommendations that have been issued but not yet effective that have not yet been adopted by the Group because application is not yet mandatory, or they are not relevant for the Group.

1.6 Prior year re-presentation

Certain line items in the primary statements have been disaggregated to provide greater clarity, and accordingly, the corresponding 2022 comparative amounts have been re-presented for consistency and comparability between periods.

Within the Consolidated Income Statement, the fair value movement of contingent consideration has been presented separately. The 2022 comparative amount includes \$15.6 million that was previously included within finance expense, and \$29.5 million previously included within non-operating income/(expense), net.

Within the Consolidated Statement of Financial Position, intangible assets of \$924.9 million and goodwill of \$1,224.6 million are now disclosed separately; and current tax receivable of \$24.7 million is disclosed separately from trade and other receivables.

Within the Consolidated Statement of Cash Flows, trade and other payables and other non-current payables have been re-presented to separately disclose the cash impact of movements in provisions of \$9.8 million.

There is no impact on net profit, net assets, cash flows or any subtotals presented previously.

RESULTS OF OPERATIONS

This section includes disclosures explaining the Group's performance for the year, including segmental information, operating costs, other expenses, taxation and earnings per share.

2. REVENUE AND SEGMENTAL INFORMATION

2.1 Revenue recognition

The Group sells a broad range of products to a wide range of customers, including healthcare professionals, patients and manufacturers. This note provides further information about how the Group generates revenue and when it is recognised in the Consolidated Income Statement.

Accounting policy

Revenue recognition

The Group measures revenue for goods sold based on the consideration specified in a contract with a customer, net of discounts, chargeback allowances and sales-related taxes. Revenue is recognised when control over a product or service is transferred to a customer, distributor or wholesaler, which is generally when goods have been delivered, as most products are insured by the Group until delivery. Due to the short-term nature of the receivables from sale of goods, the Group measures them at the original transaction price without discounting.

Nature of goods and services

Advanced Wound Care, Ostomy Care, and Continence Care products are sold to pharmacies, hospitals and other acute and post-acute healthcare service professionals directly or through distributors and wholesalers. Products are also sold directly to end customers (patients) through the Group's home services entities and a small number of clinical and retail outlets.

Infusion Care primarily serves business-to-business customers, consisting principally of the leading insulin pump manufacturers.

In 2023 and 2022, no single customer generated more than 10% of the Group's revenue.

Nature, timing of satisfaction of performance obligations

Principally the Group's contracts with customers contain a single performance obligation, that is the delivery of products to customers. Revenue is typically recognised when the customer receives the product but is subject to the shipping terms in each individual contract. Where non-standard shipping arrangements exist, revenue is recognised when control of the goods has transferred. Allowances for returns, where the contract specifies these terms, are made at the point of sale.

For sales to distributors, revenue is recognised when title is transferred to the distributor and the distributor has assumed control, the timing of which depends on the contractual terms with each distributor. Chargeback allowances or contractual deductions relating to end-customer agreements, which may differ from distributor contracts, are made at the point of title transfer to the distributor. In certain European countries, rebates are provided to governments and are often mandated by laws or government regulations. These rebates are estimated based on government regulations and unbudgeted spending, laws and terms of individual rebate agreements, and are recorded as a deduction from revenue at the time the related revenue is recorded. The estimates are adjusted periodically to reflect actual experience.

When distributors buy products from the Group at a contract price and sell these products to end-customers at a price agreed with the Group that is lower than the distributors' list price, a chargeback may arise and a claim may be submitted to the Group by the distributor. The provision for chargebacks is based on expected sell-through levels by the Group's distributors to contracted customers, as well as estimated distributor inventory levels. Retrospective claims are reviewed against estimations to ensure provisions are regularly updated.

Volume discounts

The Group offers certain prospective volume discounts to customers who achieve a specified volume amount or value of purchases in any given year. Volume discounts that meet the definition of a material right are recognised as a separate performance obligation. Material rights are the option to purchase additional products at a discount which would not have been given had the contract not been entered into and are incremental to the range of discounts typically given for those goods to that class of customer.

The stand-alone selling price of these volume discounts is based on the discount that the customer would obtain when exercising the option, adjusted for any discount the customer could receive without exercising the option and the likelihood that the option will be exercised. The revenue allocated to volume discounts is short-term in nature and recognised proportionally to the pattern of options exercised by the customer or when the option expires.

Variable consideration

The transaction price for revenue recognised is the amount the Group expects to receive at that date. In certain Group businesses, the transaction price is estimated based on the levels of rebates, discounts, allowances, product returns and consideration expected to be received. In estimating the amounts to be recognised, the Group assesses historical performance and collection patterns. The arrangements in different countries and with individual customers vary, but broadly they are all dependent upon interactions with the customer, including the submission of claims that can extend to up to 24 months after the initial point of revenue recognition. This can include factors outside the direct trading relationship with the customer such as re-imbursement, retrospective rebate or other claims by an insurer, healthcare professionals or governmental agency which are not the Group's direct customers and may also be impacted by the timing of when a product is used by a customer. Where there is variability in relation to the consideration that will ultimately be received from a customer, the Group estimates the amount of consideration to be recognised as revenue during the period using the expected value method, taking into account the nature of the customer, the contractual arrangements, and other circumstances where known and relevant.

Notes to the consolidated financial statements continued

2. REVENUE AND SEGMENTAL INFORMATION (CONTINUED)

Revenue is not recognised in full until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Accruals and allocations against gross accounts receivables balances are recorded at the time of sales for the estimated rebates, chargebacks, retrospective discounts, other allowances and returns based on contractual obligations, historic experience and other information available at that point in time. Given the large number of variables involved in calculating these accruals it is not practicable to provide meaningful sensitivity analysis for the resultant accruals.

The nature of the estimations means that there is considerable variability in the ultimate outcomes when considered on an individual customer basis. As a result, the Group applies a limit on variable revenue consideration, in order to ensure that revenue is recognised at a prudent level. The objective of the limit is to ensure that there is a low probability of a significant reversal of revenue when the uncertainties behind the estimations are resolved for the transactions of individual customers.

The limit is applied by making prudent estimates of the inputs and assumptions used in estimating the variable consideration. These estimates are driven by historic information, but also take into account the nature of customer and the specific contractual arrangements we have with them. The limit means that the risk of a material downward adjustment to revenue in future years as a result of the estimates made in the current year is very low.

Contract costs

Incremental costs in respect of obtaining a contract with a customer principally relate to commissions paid by the Group to its sales representatives. Such costs are capitalised as an asset to the extent that they directly relate to a specific contract, are used to generate or enhance resources used in satisfying performance obligations and are expected to be recovered.

The amortisation period for commissions can differ according to the contract term. Renewals of milestones in the contract are taken into account when determining the amortisation period. For each contract that has sales commissions paid, the Group has determined an appropriate amortisation period that is consistent with the transfer of control to the customer. These capitalised costs amounted to \$5.5 million (2022: \$5.4 million) at 31 December 2023 and the amount of related amortisation expense for the year ended 31 December 2023 was \$4.4 million (2022: \$4.3 million). There was no impairment loss in respect of the costs capitalised.

2.2 Segment information

The Board considers the Group's business to be a single segment entity engaged in the development, manufacture and sale of medical products, services and technologies. R&D, manufacturing and central support functions are managed globally for the Group, supporting all categories of sales. Revenues are managed both on a category and regional basis. This note presents the performance and activities of the Group as a single segment.

Pages 18 to 25 of the Strategic report provide further detail of category revenue.

During the year ended 31 December 2023, management reassessed its Chief Operating Decision Maker (CODM) and determined that Convatec's Executive Leadership Team (CELT) is now the CODM and no longer the Chief Executive Officer. The CODM is the function that allocates resources and evaluates the Group's global product portfolios on a revenue basis and evaluates profitability and associated investment on an enterprise-wide basis due to shared infrastructures and support functions between the categories. The financial information provided to CELT for decision-making purposes is produced on both a category and geographic basis. Resources are allocated on a Group-wide basis, with a focus on both category and the key markets but primarily based on the merits of individual proposals. The change in CODM does not impact the Group's single segment assessment.

Revenue by category

The Group generates revenue across four major product categories. The following chart sets out the Group's revenue for the year ended 31 December by category:

	2023 \$m	2022 \$m
Advanced Wound Care	695.3	620.7
Ostomy Care	608.3	583.0
Continence Care	457.2	425.4
Infusion Care	370.9	341.1
Revenue excluding hospital care exit	2,131.7	1,970.2
Revenue from hospital care exit¹	10.7	102.3
Total	2,142.4	2,072.5

1. Following the exit of hospital care in 2022, effective from 1 January 2023, Flexi-Seal™, our faecal management system, moved from the Continence & Critical Care category to the Ostomy Care category. The remaining industrial sales, predominantly continence-related supplies for B2B customers, moved from Infusion Care to Continence Care. Continence & Critical Care has been renamed to Continence Care. The 2022 comparatives have been re-presented to reflect these changes and to separately disclose revenue associated with the hospital care exit.

Geographic information

Geographic markets

The following chart sets out the Group's revenue by geographic market in which third party customers are located:

	2023 \$m	2022 \$m
Europe	647.8	688.6
North America	1,186.0	1,090.3
Rest of World (RoW) ¹	308.6	293.6
Total	2,142.4	2,072.5

1. Rest of World (RoW) comprises all countries in Asia Pacific, Latin America (including Mexico and the Caribbean), the Middle East (including Turkey) and Africa.

Geographic regions

The following table sets out the Group's revenue on the basis of where the legal entity generating the revenue resides, including countries representing over 10% of Group revenue and the UK, where the Group is domiciled:

	2023 \$m	2022 \$m
Geographic regions		
US	821.5	749.8
Denmark	375.5	371.7
UK	116.7	131.5
Other ¹	828.7	819.5
Total	2,142.4	2,072.5

1. Other consists primarily of other countries in Europe, Asia-Pacific, Latin America and Canada.

The following table sets out the Group's long-lived assets by country in which the legal entity resides:

	2023 \$m	2022 \$m
Long-lived assets¹		
US	1,285.9	1,349.6
UK	866.6	695.7
Denmark	274.4	266.0
Other	355.7	318.0
Total long-lived assets	2,782.6	2,629.3

1. Long-lived assets consist of property, plant and equipment, right-of-use assets, intangible assets and goodwill.

Notes to the consolidated financial statements continued

3. OPERATING COSTS

The Group incurs operating costs associated with the day-to-day operation of the business. These operating costs are deducted from revenue to calculate operating profit.

3.1 Operating profit

Operating profit is stated after deducting from revenue:

	Notes	2023 \$m	2022 \$m
Depreciation:			
Property, plant and equipment	8	37.5	39.7
Right-of-use assets	24	22.7	22.1
Amortisation of intangible assets	9	154.6	147.4
Impairment/write-off of intangible assets	9	-	6.3
Impairment/write-off of property, plant and equipment	8	2.7	9.2
Impairment of right-of-use assets	24	1.9	-
Loss on terminated leases	24	-	0.1
Amounts in respect of inventories included in cost of sales		794.4	818.3
Write-down of inventories ¹		21.8	22.6
Lease expenses ²	24	2.4	3.9
Staff costs:			
Wages and salaries		578.4	532.7
Share-based payment expense	19	14.6	16.7
Social security costs		77.3	67.5
Defined contribution plans post-employment costs		23.7	21.2
Defined benefit plans pension costs	15	1.4	1.7
Recruitment and other employment-related fees		5.9	8.7
Total staff costs		701.3	648.5

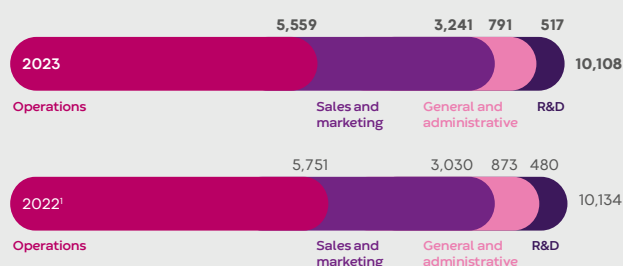
1. The write-down of inventories to their realisable value is included in cost of sales.

2. Lease expenses comprises the costs in respect of low-value leases and short-term leases. Refer to accounting policy in Note 24 – Leases.

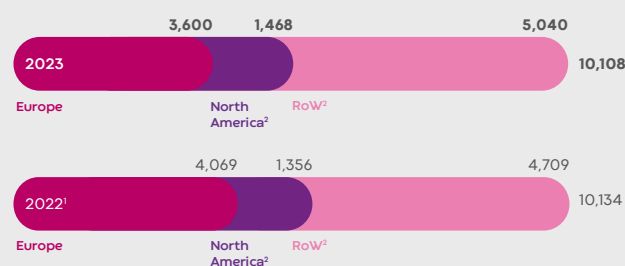
The remuneration of the Executive Directors, which is set out on pages 120 to 142, has been audited and is included within staff costs and forms part of these Consolidated Financial Statements.

3.2 Employee numbers

The average number of the Group's employees by function¹:



The average number of the Group's employees by location¹:



1. 2022 comparatives have been re-presented to more accurately reflect the Group's employees by function and location.

2. North America comprises United States and Canada, and Rest of World (RoW) comprises all countries in Asia Pacific, Latin America (including Mexico and the Caribbean), the Middle East (including Turkey) and Africa.

The total number of employees as at 31 December 2023 was 10,129 (2022: 10,028).

3.3 Auditor's remuneration

The total remuneration of the Group's auditor, Deloitte LLP, for services provided to the Group during the year ended 31 December is analysed below:

	2023 \$m	2022 \$m
Fees for audit services		
Group	1.6	1.5
Subsidiaries	3.3	3.0
Total fees for audit services	4.9	4.5
Fees for non-audit services		
Audit-related assurance services	0.2	0.2
Other assurance services	0.1	0.1
Total auditor remuneration	5.2	4.8

A description of the work performed by the Audit and Risk Committee to safeguard auditor independence when non-audit services are provided is set out in the Audit and Risk Committee report on pages 110 to 119.

4. OTHER OPERATING EXPENSES

Other operating expenses were as follows:

	2023 \$m	2022 \$m
Impairment of intangible assets	–	1.4
Impairment of property, plant and equipment and right-of-use assets	2.5	12.4
	2.5	13.8

Other operating expenses in the year consisted of \$2.9 million of impairments in respect of property, plant and equipment and right-of-use assets as a result of the Group's transformation projects, offset by \$0.4 million reversal of property, plant and equipment that was impaired in 2022 from the hospital care exit. The \$13.8 million in the year ended 31 December 2022 related to the impairments of property, plant and equipment and intangible assets arising from the exit from hospital care and industrial sales-related activities.

5. NON-OPERATING INCOME/(EXPENSE), NET

Non-operating income/(expense), net was as follows:

	Notes	2023 \$m	2022 \$m
Net foreign exchange gain/(loss) ¹		3.7	(13.5)
Realisation of cumulative translation adjustments		–	(12.2)
(Loss)/gain on foreign exchange forward contracts	23	(4.3)	15.8
Gain/(loss) on foreign exchange cash flow hedges	23	0.8	(16.5)
Gain/(loss) on divestiture ²		3.9	(2.0)
Other non-operating income		0.7	0.2
Non-operating income/(expense), net³		4.8	(28.2)

1. The foreign exchange gain in 2023 primarily relate to the foreign exchange impact on intercompany transactions, including loans transacted in non-functional currencies. The Group uses foreign exchange forward contracts to manage these exposures in accordance with the Group's foreign exchange risk management policy.

2. As part of the hospital care exit, the UnoMeter™ trademarks were sold during the year, resulting in a gain of \$3.9 million (2022: loss of \$2.0 million arose from the sale of a subsidiary as part of the hospital care exit).

3. Of the total net non-operating expense, \$4.8 million (2022: \$1.7 million) relates to mark-to-market derivatives, the cash flow impact of which has been shown within the changes in working capital section of the Consolidated Statement of Cash Flows.

Notes to the consolidated financial statements continued

6. INCOME TAXES

The note below sets out the current and deferred tax charges, which together comprise the total tax expense in the Consolidated Income Statement. The deferred tax section of the note also provides information on expected future tax charges or benefits and sets out the deferred tax assets and liabilities held across the Group.

Accounting policy

The tax expense represents the sum of current and deferred tax.

Current tax

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of prior years. Taxable profit differs from profit before income taxes because taxable profit excludes items that are either never taxable or tax deductible or items that are taxable or tax deductible in a different period.

Deferred tax

Deferred tax is recognised using the balance sheet liability method for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences:

- On the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Arising on the initial recognition of goodwill; and
- On investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to temporary differences when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Current tax and deferred tax for the year

Current tax and deferred tax are recognised in the Consolidated Income Statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Tax provisions

The Group is subject to income taxes in numerous tax jurisdictions. Judgement is sometimes required in determining the worldwide provision for income taxes. There may be transactions for which the ultimate tax determination is uncertain and may be challenged by the tax authorities. The Group recognises liabilities for anticipated or actual tax audit issues based on estimates of whether additional taxes will be due. Where an outflow of funds to a tax authority is considered probable and the Group can make a reliable estimate of the outcome of the issue, management calculates the provision for the best estimate of the liability. In assessing its uncertain tax provisions, management takes into account the specific facts of each issue, the likelihood of settlement and the input of professional advice where required. The Group assumes that where a tax authority has a right to examine amounts reported to it, they will do so and will have full knowledge of all relevant information. Where the ultimate liability as a result of an issue varies from the amounts provided, such differences could impact the current and deferred tax assets and liabilities in the period in which the matter is concluded.

6.1 Taxation

The Group's income tax expense is the sum of the total current and deferred tax expense.

	2023 \$m	2022 \$m
Current tax		
Overseas taxation	46.1	46.8
Adjustment to prior years	(5.5)	(2.0)
Total current tax expense	40.6	44.8
Deferred tax		
Origination and reversal of temporary differences	2.0	(3.7)
Change in tax rates	1.6	(3.2)
Adjustment to prior years	(4.5)	1.2
Benefit from previously unrecognised tax losses	(2.6)	(20.1)
Total deferred tax benefit	(3.5)	(25.8)
Income tax expense	37.1	19.0

The adjustment to prior years included a net tax benefit of \$15.1 million following the successful resolution of an uncertain tax position.

In 2022, the deferred tax movement included a benefit of \$20.1 million in respect of the recognition of previously unrecognised tax losses in the US following the acquisition of Triad Life Sciences Inc.

6.2 Reconciliation of effective tax rate

The effective tax rate for the year ended 31 December 2023 was 22.2%, as compared with 23.2% for the year ended 31 December 2022.

Tax reconciliation to UK statutory rate

The table below reconciles the Group's profit before income taxes at the UK statutory rate to the Group's total income tax expense:

	2023 \$m	2022 \$m
Profit before income taxes	167.4	81.9
Profit before income taxes multiplied by rate of corporation tax in the UK of 23.52% (2022: 19.0%)	39.4	15.6
Difference between UK and overseas tax rates ¹	1.6	3.0
Non-deductible/non-taxable items	7.2	14.4
Change in recognition of deferred tax assets	2.6	1.0
Recognition of previously unrecognised US deferred tax assets	(2.6)	(20.1)
Movement in provision for uncertain tax positions	(17.5)	2.5
Other ²	6.4	2.6
Income tax expense and effective tax rate	37.1	19.0
	22.2%	23.2%

1. This includes changes in tax rates based on substantively enacted legislation across various tax jurisdictions as of 31 December.

2. Includes tax on unremitted earnings and prior year adjustments.

The Group has worldwide operations and therefore is subject to several factors that may affect future tax charges, principally the levels and mix of profitability in different tax jurisdictions, transfer pricing regulations, tax rates imposed and tax regime reforms. The calculation of the Group's tax expense involves a degree of estimation and judgements in respect of certain items for which the tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority, specifically in relation to open tax and transfer pricing matters. Due to the high volume of intercompany transactions, the Group's evolving business model and the increasing complexity in interaction between multiple tax laws and regulations, transfer pricing requires judgement in determining the appropriate allocation of profits between jurisdictions. The Group assessed the impact of ongoing changes to the Group's operating model, the supporting documentation for the tax and transfer pricing positions, existing tax authority challenges, and the likelihood of new challenges by tax authorities.

The Group continues to believe it has made adequate provision for uncertain tax positions on open issues in accordance with IFRIC 23 Uncertainty over Income Tax Treatments. The ultimate liability for such matters may vary from the amounts provided and is dependent upon the outcome of discussions with relevant tax authorities or, where applicable, appeal proceedings. The movement includes resolutions of uncertain tax positions in the year.

The Group is monitoring tax reforms driven by the OECD's BEPS Pillar One and Pillar Two to reform international taxation rules. The Group has assessed the potential tax impact based on OECD model rules and draft, and substantively enacted legislation in jurisdictions in which the Group operates and expects the tax impact to not be material in the foreseeable future. The United Kingdom enacted Pillar Two rules in the UK Finance (No.2) Act 2023 in 2023. This has no impact on the Group's results for the year ended 31 December 2023. The Group has applied the temporary exception as detailed in the IASB announcement "International Tax Reform – Pillar Two Model Rules", which amended IAS 12 Income Taxes, and therefore has not recognised nor disclosed information about deferred tax assets and liabilities related to Pillar Two income taxes.

Notes to the consolidated financial statements continued

6. INCOME TAXES (CONTINUED)

6.3 Deferred tax

The components of deferred tax assets and liabilities at 31 December are as follows:

	2023 \$m	2022 \$m
Deferred tax assets	21.2	26.6
Deferred tax liabilities	(88.2)	(83.2)
	(67.0)	(56.6)

6.4 Movement in deferred tax assets and liabilities

Deferred tax is measured on the basis of the tax rates enacted or substantively enacted at the reporting date. The movements in the deferred tax assets and liabilities were as follows:

	Inventory \$m	Tax losses \$m	PP&E \$m	Intangibles \$m	Interest \$m	Other \$m	Total \$m
At 1 January 2022	8.4	89.5	(11.0)	(182.4)	16.5	20.7	(58.3)
Recognised in income statement	(1.4)	(5.5)	5.9	(1.7)	8.5	20.0	25.8
Recognised in other comprehensive income	-	-	-	-	2.4	-	2.4
Acquisitions	(2.4)	6.3	-	(36.2)	-	-	(32.3)
Other	-	-	-	-	-	1.1	1.1
Foreign exchange	(1.3)	(0.2)	1.6	2.7	1.0	0.9	4.7
At 31 December 2022	3.3	90.1	(3.5)	(217.6)	28.4	42.7	(56.6)
Recognised in income statement	6.4	(13.0)	(1.7)	11.0	7.6	(6.8)	3.5
Recognised in other comprehensive income	-	-	-	-	-	0.7	0.7
Acquisitions	-	-	-	(13.1)	-	-	(13.1)
Other	-	-	-	-	-	-	-
Foreign exchange	(0.1)	0.4	(0.2)	(3.1)	0.5	1.0	(1.5)
At 31 December 2023	9.6	77.5	(5.4)	(222.8)	36.5	37.6	(67.0)

Net deferred tax liabilities provided in relation to intangible assets are predominantly in respect of temporary differences arising on assets and liabilities acquired as part of business combinations. An amount relating to deductible tax amortisation of intangible assets of \$145.9 million that are not expected to reverse due to anticipated restructuring of the Group's activities (2022: \$342.7 million, deferred tax assets of \$15.4 million) is not recognised.

Net deferred tax assets recognised in relation to tax losses are predominantly in respect of the US. Deferred tax assets on foreign tax credits of \$2.4 million remain unrecognised in the US based on forecasts of suitable future taxable profit and they are due to expire within 5 years (2022: \$3.9 million).

Deferred tax on inventory predominantly relates to a deferred tax asset recognised on intra-Group profits arising on intercompany inventory that are eliminated in the Consolidated Financial Statements. As intra-Group profits are not eliminated from the individual entities' tax returns, a temporary difference arises and will reverse when the inventory is sold externally.

Other net temporary differences include accrued expenses, employee costs and pensions, for which a tax deduction is only available on a paid basis, research and development expenses, unremitted earnings and share-based payments.

To the extent that dividends remitted from overseas subsidiaries and branches are expected to result in additional taxes, appropriate amounts have been provided for. Deferred tax is not provided on temporary differences of \$381.2 million in the year to 31 December 2023 (2022: \$351.8 million) arising on unremitted earnings as management has the ability to control any future reversal and does not consider such a reversal in the foreseeable future to be probable.

6.5 Unrecognised tax losses carried forward

Deferred tax assets are only recognised where it is probable that future taxable profits will be available to utilise the tax losses. The following table shows the unrecognised tax losses carried forward, including anticipated period of expiration:

	2023 Losses \$m	2022 Losses \$m
Trading and capital losses expiring:		
Within 5 years	2.2	10.0
Between 5 to 10 years	0.5	12.7
More than 10 years	-	30.7
Unlimited	961.6	958.0
Total	964.3	1,011.4

The Group has Luxembourg tax losses of \$944.5 million (2022: \$941.9 million) which are not recognised and will not expire. The movement in Luxembourg tax losses not recognised is mainly attributable to foreign exchange differences. Other movements in the year are mainly due to the recognition of previously unrecognised US State tax losses.

7. EARNINGS PER SHARE

Basic earnings per share is calculated based on the Group's net profit for the year attributable to shareholders divided by the weighted average number of ordinary shares in issue during the year. The weighted average number of shares is net of shares purchased by the Group and held as own shares.

Diluted earnings per share take into account the dilutive effect of all outstanding share options priced below the market price in arriving at the number of shares used in its calculation.

	2023	2022
Net profit attributable to the shareholders of the Group (\$m)	130.3	62.9
Basic weighted average ordinary shares in issue (number)	2,038,653,228	2,023,839,657
Dilutive impact of share awards (number)	13,936,032	16,407,811
Diluted weighted average ordinary shares in issue (number)	2,052,589,260	2,040,247,468
Basic earnings per share (cents per share)	6.4¢ per share	3.1¢ per share
Diluted earnings per share (cents per share)	6.3¢ per share	3.1¢ per share

The calculation of diluted earnings per share does not contain any share options that were non-dilutive for the year (2022: 404,241), because the average market price of the Group's ordinary shares exceeded the exercise price (2022: the exercise price exceeded the average market price of the Group's ordinary shares).

Notes to the consolidated financial statements continued

OPERATING ASSETS AND LIABILITIES

This section set outs the assets and liabilities that the Group holds in order to operate the business on a day-to-day basis, including long-term assets which generate future revenues and profits for the Group.

Liabilities relating to the Group’s financing activities are addressed in “Capital structure and financial costs”.

8. PROPERTY, PLANT AND EQUIPMENT

The Group invests in buildings, equipment and manufacturing machinery to operate the business and to generate revenue and profits. Assets are depreciated over their estimated useful economic life reflecting the reduction in value of the asset due, in particular, to wear and tear.

Accounting policy

Property, plant and equipment (PP&E) are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of an asset including subsequent additions and improvements when it is probable that future economic benefit associated with the item will flow to the Group and the cost can be reliably measured.

Depreciation is provided on a straight-line basis from the point an asset becomes available for use. Depreciation is calculated to reduce the asset’s cost to its residual value over the asset’s estimated useful economic life. Assets are depreciated as follows:

Asset category	Useful life
Land	not depreciated
Land improvements	15 to 40 years
Leasehold improvements	shorter of useful life or lease tenure
Buildings	15 to 50 years
Machinery, equipment and fixtures	3 to 20 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds, less any selling expenses, and the carrying amount of the asset. This difference is recognised in the Consolidated Income Statement.

Assets under construction reflects the cost of construction or improvement of items of PP&E that are not yet available for use. Assets under construction are not depreciated whilst under construction and depreciation commences once the asset is completed and ready for use. Finance costs incurred in the construction of assets that take more than one year to complete are capitalised using the Group’s weighted average borrowing cost during the period in which the asset is under construction. Capitalisation of finance costs ceases when the asset becomes available for use.

Consideration of useful economic lives

The assets’ residual values, depreciation methods and useful economic lives are reviewed annually and adjusted if appropriate.

Impairment of assets

The carrying values of PP&E are reviewed for indicators of impairment annually or when events or changes in circumstances indicate the carrying value may be impaired. If any such indication exists, the recoverable amount of the asset is estimated, being the higher of an asset’s fair value less costs to sell and the net present value of its expected pre-tax future cash flows (value in use).

When an asset’s recoverable amount falls below its carrying value, an impairment is charged to the Consolidated Income Statement.

The movement in the carrying value of each major category of PP&E is as follows:

	Land & land improvements \$m	Building, building equipment and leasehold improvements \$m	Machinery, equipment and fixtures \$m	Assets under construction \$m	Total \$m
Cost					
1 January 2022	15.3	129.9	490.7	98.5	734.4
Additions	–	1.8	8.2	90.0	100.0
Arising from acquisitions	–	0.5	0.3	–	0.8
Disposals ¹	–	(4.0)	(17.5)	(1.8)	(23.3)
Transfers	–	13.7	24.7	(38.4)	–
Foreign exchange	(1.1)	(6.7)	(25.2)	(4.6)	(37.6)
31 December 2022	14.2	135.2	481.2	143.7	774.3
Additions	–	2.1	34.5	60.7	97.3
Arising from acquisitions (Note 26)	–	–	1.1	–	1.1
Disposals ¹	–	(3.3)	(24.4)	–	(27.7)
Transfers	1.7	31.9	31.4	(65.0)	–
Foreign exchange	0.5	7.9	13.7	5.6	27.7
31 December 2023	16.4	173.8	537.5	145.0	872.7
Accumulated depreciation					
1 January 2022	1.0	53.1	313.6	–	367.7
Depreciation	–	6.8	32.9	–	39.7
Arising from acquisitions	–	0.2	0.1	–	0.3
Disposals ¹	–	(4.0)	(17.5)	–	(21.5)
Impairment	–	1.9	5.5	–	7.4
Foreign exchange	–	(2.7)	(17.0)	–	(19.7)
31 December 2022	1.0	55.3	317.6	–	373.9
Depreciation	0.1	7.6	29.8	–	37.5
Arising from acquisitions (Note 26)	–	–	0.7	–	0.7
Disposals ¹	–	(3.1)	(24.0)	–	(27.1)
Impairment	–	1.2	1.5	–	2.7
Foreign exchange	–	2.5	8.7	–	11.2
31 December 2023	1.1	63.5	334.3	–	398.9
Net carrying amount					
31 December 2022	13.2	79.9	163.6	143.7	400.4
31 December 2023	15.3	110.3	203.2	145.0	473.8

1. Assets with a net book value of \$0.6 million were sold during the year, with sale proceeds of \$0.6 million. In 2022, assets with a net book value of \$1.8 million were written off.

Notes to the consolidated financial statements continued

9. INTANGIBLE ASSETS AND GOODWILL

9.1 Intangible assets

The Group's intangible assets are those that have been recognised at fair value as part of business combinations, investment in product development and software purchased to support business operations. These are assets that are not physical in nature but can be sold separately or arise from legal rights.

Accounting policy

Recognition

Measurement on initial recognition of intangible assets is determined at cost for assets acquired by the Group and at fair value at the date of acquisition if acquired in business combinations. Following initial recognition of the intangible asset, the asset is carried at cost less any subsequent accumulated amortisation and accumulated impairment losses.

Purchased computer software and certain costs of information technology are capitalised as intangible assets. Software that is integral to purchased computer hardware is capitalised as PP&E.

The Group accounts for its software-as-a-service (SaaS) arrangements by applying the guidance in the 2021 IFRIC agenda decision to determine whether the configuration and customisation expenditure gives rise to an asset, including whether the Group has control of the software that is being configured or customised or whether the configuration or customisation activities create a resource controlled by the Group that is separate from the software and can be transferred to another provider.

Where the recognition criteria of IAS 38 Intangible Assets are satisfied, including configuration and customisation costs which are distinct and within the control of the Group, these are capitalised and carried at cost less any accumulated amortisation and impairment, and amortised on a straight-line basis over the period which the developed software is expected to be used. Where these recognition criteria are not met, the Group recognises configuration and customisation costs, along with the ongoing fees to obtain access to the SaaS provider's application software, as operating expenses as the services are received.

R&D

R&D expenses are comprised of all activities involving investigative, technical and regulatory processes related to obtaining appropriate approvals to market our products. It also includes new product development aimed at developing more sustainable product portfolios for the longer term, as mentioned within the Responsible Business review section (refer to page 48). Costs include payroll, clinical manufacturing and pre-launch clinical trial costs, manufacturing development and scale-up costs, product development, regulatory costs including costs incurred to comply with legislative changes, contract services and other external contractors costs, research licence fees, depreciation and amortisation of laboratory facilities, and laboratory supplies.

Research costs are expensed as incurred. Development costs are capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and use or sell the asset. Subsequent to initial recognition, development costs are measured at cost less accumulated amortisation and any accumulated impairment losses. Upgrades and enhancements are capitalised to the extent they will result in added functionality and probable future economic benefits.

Amortisation

Intangible assets with an indefinite life are not amortised. Amortisation of intangible assets with a finite life is calculated using the straight-line method based on the following estimated useful lives:

Asset category	Useful life
Product-related	3 to 20 years
Capitalised software	3 to 10 years
Customer relationships and non-compete agreements	2 to 20 years
Trade names – finite	2 to 10 years
Trade names – indefinite	Indefinite
Development costs	5 years

Assets under construction reflects the cost of development or improvement of intangible assets that are not yet available for use.

Impairment of assets

Intangible assets with finite life are reviewed for indicators of impairment at each reporting period or when events or changes in circumstances indicate the carrying value may be impaired. If any such indication exists, the recoverable amount of the asset is estimated, being the higher of an asset's fair value less costs to sell and the net present value of its expected pre-tax future cash flows (value in use).

When an asset's recoverable amount falls below its carrying value, an impairment is charged to the Consolidated Income Statement.

Refer to Note 9.3 – Cash Generating Unit (CGU) impairment review for consideration of impairment of indefinite-lived intangible assets.

The movement in the carrying value of each major category of intangible assets is as follows:

	Product-related \$m	Capitalised software ¹ \$m	Customer relationships and non- competes agreements \$m	Trade names \$m	Development cost \$m	Assets under construction \$m	Total \$m
Cost							
1 January 2022	2,086.1	122.2	331.0	263.7	11.6	14.8	2,829.4
Additions	10.0	0.6	–	–	–	34.0	44.6
Arising from acquisitions	154.8	–	–	–	–	–	154.8
Write-offs	(50.7)	(1.8)	(0.3)	–	–	(0.6)	(53.4)
Transfers	–	11.8	–	–	–	(11.8)	–
Foreign exchange	(79.7)	(2.4)	(6.3)	(0.9)	(0.6)	(0.9)	(90.8)
31 December 2022	2,120.5	130.4	324.4	262.8	11.0	35.5	2,884.6
Additions	–	2.0	–	–	–	35.6	37.6
Arising from acquisitions ²	112.5	–	4.3	–	–	–	116.8
Write-offs	–	(1.1)	–	–	–	–	(1.1)
Transfers	1.5	39.8	–	–	–	(41.3)	–
Foreign exchange	35.6	2.5	3.0	0.4	0.3	1.0	42.8
31 December 2023	2,270.1	173.6	331.7	263.2	11.3	30.8	3,080.7
Accumulated amortisation							
1 January 2022	1,620.8	83.5	203.5	9.7	9.7	–	1,927.2
Amortisation	108.6	12.0	24.3	1.4	1.1	–	147.4
Write-offs	(50.7)	(1.8)	(0.3)	–	–	–	(52.8)
Impairment	4.3	–	1.4	–	–	–	5.7
Foreign exchange	(61.0)	(0.9)	(5.4)	–	(0.5)	–	(67.8)
31 December 2022	1,622.0	92.8	223.5	11.1	10.3	–	1,959.7
Amortisation	114.5	16.3	22.3	1.1	0.4	–	154.6
Write-offs	–	(1.1)	–	–	–	–	(1.1)
Impairment	–	–	–	–	–	–	–
Foreign exchange	28.2	0.7	3.0	–	0.3	–	32.2
31 December 2023	1,764.7	108.7	248.8	12.2	11.0	–	2,145.4
Net carrying amount							
31 December 2022	498.5	37.6	100.9	251.7	0.7	35.5	924.9
31 December 2023	505.4	64.9	82.9	251.0	0.3	30.8	935.3

1. Capitalised software is in respect of purchased and internally generated software.

2. Acquisitions comprise assets in relation to the Starlight and A Better Choice Medical acquisitions. See Note 26 – Acquisitions.

Notes to the consolidated financial statements continued

9. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Amortisation expenses in respect of finite-lived intangible assets for the year ended 31 December were as follows:

	2023 \$m	2022 \$m
Cost of sales	112.4	113.1
Selling and distribution expenses	3.6	3.2
General and administrative expenses	31.0	29.1
Research and development expenses	7.6	2.0
Total amortisation expense	154.6	147.4

The carrying amount of trade names with indefinite life at 31 December 2023 was \$249.4 million (2022: \$248.9 million). Each of these trade names are considered to have an indefinite life, given the strength and durability of the current trade name and the level of marketing support. The trade names are in relatively similar stable and profitable market sectors, with similar risk profiles, and their size, diversification and market shares mean that the risk of market-related factors causing a reduction in the lives of the trade names is considered to be relatively low. The Group is not aware of any material legal, regulatory, contractual, competitive, economic or other factor which could limit their useful lives.

Individual intangible assets with a carrying amount in excess of 10% of the total intangible asset carrying amount were as follows:

	2023 \$m	2022 \$m	Remaining life
Trade names			
Convatec trade name	234.6	234.6	Indefinite
Product-related			
InnovaMatrix™	134.5	145.6	12.3 years
NextGen Antimicrobial platform	107.0	–	14.3 years
Aquacel® including Hydrofibre® ¹	–	120.2	2.6 years
Stoma care ¹	–	113.6	2.6 years

1. The carrying value of Aquacel® including Hydrofibre® and Stoma care was \$91.3 million and \$81.9 million respectively at 31 December 2023. These are no longer in excess of 10% of the total intangible asset carrying amount.

9.2 Goodwill

The Group recognises goodwill resulting from business combinations where there are future economic benefits from assets which cannot be individually separated and recognised. Goodwill represents the amount paid in excess of the fair value of the net assets of the acquired business.

Accounting policy

Refer to Note 1 – Basis of preparation for the Group accounting policy in relation to the initial valuation and recognition of goodwill arising from acquisitions.

Goodwill is not subject to amortisation but is tested for impairment annually or when events or changes in circumstances indicate the carrying value may be impaired. Refer to Note 9.3 – Cash Generating Unit (CGU) impairment review for consideration of impairment of goodwill.

Goodwill is denominated in the functional currency of the acquired entity and revalued to the closing exchange rate at each reporting period date.

The changes in the carrying value of goodwill as at 31 December were as follows:

	Total \$m
1 January 2022	1,156.3
Arising from acquisitions	129.9
Foreign exchange	(61.6)
31 December 2022	1,224.6
Arising from acquisitions (Note 26)	45.9
Foreign exchange	28.3
31 December 2023	1,298.8

9.3 Cash generating unit (CGU) impairment review

An impairment assessment is required to be performed annually for goodwill and indefinite-lived intangibles or when events or changes in circumstances indicate the carrying value may be impaired. An impairment is a reduction in the recoverable amount of an asset compared to the carrying value of the asset. Recoverable amount is the higher of value in use and fair value less costs to sell.

This note provides details of the annual impairment assessment that has been performed.

Accounting policy

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Additionally, goodwill arising from a business combination is allocated to a CGU or groups of CGUs that are expected to benefit from the synergies of the combination. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

The recoverable amounts of the CGUs are determined based on value in use calculations, which reflect the estimated future cash flows of each CGU discounted by an estimated weighted average cost of capital that represents the rate of return an outside investor would expect to earn. This discount rate is based on the weighted average cost of capital for comparable public companies and is adjusted for risks specific to the CGU including differences in risk due to its size, geographic concentration and trading history.

Future cash flows are determined using the latest available Board-approved forecasts and strategic plans. These forecasts and strategic plans are based on specific assumptions for each CGU during the five-year planning period with respect to revenue, results of operations, working capital, capital investments and other general assumptions for the projected period. The forecast assumptions that derive the future cash flows are based on the historical results of each CGU combined with external market information and defined strategic initiatives.

If identified, impairment losses are recognised in the Consolidated Income Statement. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the remaining assets in the CGU, on a pro-rated basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The Group has not recognised any reversal of previous impairments in either 2023 or 2022.

The Group continues to operate under the same operating model as prior year and determined that there has not been any triggers for a change in CGU groups. Profitability continues to be assessed on a consolidated basis, and management's focus is predominantly category revenue and key market focus. The Group's CGU groups continue to be (i) Advanced Wound Care, (ii) Ostomy Care, (iii) Continence Care and (iv) Infusion Care. Goodwill is allocated to these CGUs, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Goodwill and intangible assets with an indefinite life (trade names) are allocated to the Group's CGU groups as at 31 December as follows:

	Goodwill		Indefinite-lived intangible assets	
	2023 \$m	2022 \$m	2023 \$m	2022 \$m
CGU groups				
Advanced Wound Care	523.7	490.0	104.8	104.8
Ostomy Care ¹	154.3	116.5	91.2	91.2
Continence Care ¹	535.0	535.6	41.2	41.2
Infusion Care	85.8	82.5	12.2	11.7
Total	1,298.8	1,224.6	249.4	248.9

1. Following the exit of hospital care in 2022, effective from 1 January 2023, Flexi-Seal™, our faecal management system, moved from the Continence Care category to the Ostomy Care category, resulting in an increase in goodwill allocated to Ostomy Care and corresponding reduction in Continence Care of \$34.6 million.

Determining the estimated recoverable amount of a CGU group is judgemental in nature. The key input used in the estimation of value in use as at 31 December 2023 is the Group's five-year Board approved strategic plan, with key assumptions including forecast sales growth rates, terminal value growth rate and discount rates. Forecast sales growth rates are based on past experience adjusted for macroeconomic activity, sector market growth forecasts, competitor activity and strategic decisions made in respect of each CGU group.

Notes to the consolidated financial statements continued

9. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

The terminal value growth rate and discount rates used were as follows:

	2023	2022
	%	%
Discount rate (pre-tax) ¹		
CGU groups		
Advanced Wound Care	14.5	13.5
Ostomy Care	13.5	12.5
Continence Care	12.0	11.5
Infusion Care	13.5	12.5
Terminal value growth rate²	2.0	2.0

1. The discount rate is based on the weighted average cost of capital for comparable public companies and is adjusted for risks specific to the CGU group including differences in risk due to its size, geographic concentration and trading history.

2. The estimated terminal value growth rate for the CGU groups is a prudent estimate based on expectations concerning the growth trends of the CGU groups and taking into account global gross domestic product growth, general long-term inflation and population expectations.

No impairments have been recognised in respect of the Group's current CGU groups for the years ended 31 December 2023 and 2022.

Taking into consideration the Board-approved 2024 budget and longer-term strategic plan as foundations, sensitivity analysis was performed considering changes in key assumptions including discount rates and terminal value growth rate and consideration of risk-based severe but plausible downside scenarios consistent with those identified as part of the viability assessment (refer to page 87 for full details of scenarios). As part of the assessment, an external benchmarking assessment was also carried out on the forecast sales growth rates.

Under all severe but plausible scenarios, headroom remained on all CGU groups, demonstrating that the impairment of goodwill and indefinite-lived intangible assets is not a key source of estimation uncertainty and any possible impairment would not result in a material adjustment in the next financial year.

10. INVESTMENT IN FINANCIAL ASSETS**Accounting policy**

Investment in financial assets comprise of non-current equity investments which are initially recorded at fair value plus any directly attributable transaction costs and subsequently recognised at fair value at each balance sheet date.

Unrealised gains and losses are recognised in other comprehensive income.

On disposal of the equity investment, any gains and losses that have been deferred in other comprehensive income are transferred directly to retained earnings.

Dividends on equity investments are recognised in the income statement when the Group's right to receive payment is established, it is probable the economic benefits will flow to the entity and the amount can be measured reliably.

The investment is in relation to the Group's investment in BlueWind Medical Limited in 2022 and the Group considers this investment to be strategic in nature and it is not held for trading.

The Group made an irrevocable election on initial recognition to designate the investment at fair value through other comprehensive income (FVOCI). It was initially recorded at fair value plus transaction costs and will be remeasured at subsequent reporting dates to fair value. The fair value of the investment at 31 December 2023 was \$22.9 million (31 December 2022: \$30.7 million), with the movement of \$7.8 million taken to the Statement of Other Comprehensive Income, within the 'Fair value movement on equity investments' line. No dividends were recognised during the period.

In line with IFRS 13 Fair Value Measurement, this investment has been classified as Level 3 in the fair value hierarchy as its measurement is derived from significant unobservable inputs by reference to available information, including the current market value of similar instruments, recent financing rounds and discounted cash flows of the underlying net assets.

The fair value of the investment has been determined by using an average of three valuation methodologies, those being the precedent transaction method, the income approach method and the probability-weighted expected return model. The table below summarises the various methodologies used by the Group to fair value the investment, the inputs and the sensitivities applied.

Methodology	Inputs	Sensitivity applied to input	
		Low range	High range
Precedent transaction method/Price of recent investment	Market multiples (decrease of 25% to 35%)	-5% on the market multiples	+5% on the market multiples
The initial transaction involving BlueWind Medical itself was the most relevant starting point and then this was calibrated by considering exogenous and idiosyncratic factors to apply a discount or uplift as applicable.			
Income approach method (Discounted cash flow analysis)	Internal cash flow projections		
	Discount rate 25.4%	+2% on the discount rate	-2% on the discount rate
Provides an estimation of the value of an asset based on expectations about the cash flows that an asset would generate over time, discounted at the appropriate rate of return.	The final year of projections has been extrapolated using a reasonable long-term growth rate (LTGR) of 2%.	-1% to the LTGR	+1% to the LTGR
Probability-weighted expected return model	Discounted at 27.8%	+2% to discount rate	-2% to discount rate
Assesses multiple scenarios for the future proceeds to be received by the holders of the shares and weighting them according to their relative probability of occurring. The PWERM is a market approach based on comparable companies' market multiples.			
Fair value measurement		\$19.9m	\$25.9m

The impact of applying these sensitivities across the three methodologies would result in a fair value measurement range of \$19.9 million to \$25.9 million, with a mid-point range of \$22.9 million, which is in line with the fair value recognised at year end.

Notes to the consolidated financial statements continued

11. INVENTORIES

Inventories are the materials used in manufacturing, products manufactured or purchased to be sold by the Group in the ordinary course of business. Inventories include finished goods, goods which are in the process of being manufactured (work in progress) and raw and packaging materials awaiting use in production.

Accounting policy

Inventories are valued at the lower of cost or net realisable value with the cost determined using an average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and indirect production overheads. Production overheads comprises indirect material and labour costs, maintenance and depreciation of the machinery and production buildings used in the manufacturing process, as well as costs of production administration and management.

Net realisable value is defined as anticipated selling price or anticipated revenue less cost to completion. Estimates of net realisable value are based on the average selling prices at the end of the reporting period, net of applicable direct selling expenses. Subsequent events related to the fluctuation of prices and costs are also considered, if relevant. If net realisable values are below inventory costs, a provision corresponding to this difference is recognised.

Provisions are also made for obsolescence of inventories that (i) do not meet the Group's specifications, (ii) have exceeded their expiration date, or (iii) are considered slow-moving. The Group evaluates the carrying value of inventories on a regular basis, taking into account such factors as historical and anticipated future sales compared with quantities on hand, the price the Group expects to obtain for products in their respective markets compared with historical cost and the remaining shelf life of goods on hand.

The components of inventories at 31 December were as follows:

	2023 \$m	2022 \$m
Raw and packaging materials	102.3	79.6
Work in progress	42.5	41.6
Finished goods	251.3	215.7
Inventories	396.1	336.9

Inventories are stated net of provision for obsolescence of \$17.0 million (2022: \$25.5 million). Adjustments to write down inventory to its net realisable value are provided in Note 3.1 – Operating profit.

12. TRADE AND OTHER RECEIVABLES

Trade receivables consist of amounts billed and currently due from customers. Gross trade receivables are presented before allowances for expected credit losses, sales discounts and chargeback allowances. Credit risk with respect to trade receivables is generally diversified due to the large dispersion and type of customers across many different geographies.

Other receivables include amounts due from third parties not related to revenue and prepaid expenses.

Accounting policy

Credit is extended to customers based on the evaluation of the customer's financial condition. Creditworthiness of customers is evaluated on a regular basis. Exposure to credit risk is managed through credit approvals, credit limits and monitoring procedures. The Group considers a default event to be one where the customer does not have sufficient funds to make their required payments and/or is in the process of being liquidated.

An allowance is maintained for expected lifetime credit losses that result from the failure or inability of customers to make required payments. It is not necessary for a credit event to have occurred before credit losses are recognised. Instead, the Group accounts for expected lifetime credit losses and changes in those expected lifetime credit losses. In determining the allowance, consideration includes the probability of recoverability based on past experience and general economic factors, incorporating forward-looking information and adjustments for customers who represent a lower risk of default, which includes public or private medical insurance customers and customers guaranteed by local government. The amount of expected credit losses, if any, is required to be updated at each reporting date.

Certain trade and other receivables may be fully reserved when specific collection issues are known to exist, such as pending bankruptcy. The Group writes off uncollectable receivables at the time it is determined the receivable is no longer collectable.

Trade and other receivables are not collateralised. Where the Group has entered into a receivables factoring arrangement, these receivables are derecognised at the point of sale in accordance with IFRS 9 if we have substantially transferred all risks and rewards of ownership and there is no option to return the receivables to the Group.

Refer to Note 2.1 – Revenue recognition for details on the accounting policy in respect of chargeback allowances.

Trade and other receivables at 31 December were as follows:

	2023 \$m	2022 \$m
Included within current assets:		
Trade receivables	337.8	344.7
Less: allowances for expected credit losses	(27.1)	(22.0)
Less: sales discounts and chargebacks	(40.9)	(37.6)
Other receivables ¹	39.0	29.5
Prepayments	24.9	24.7
Trade and other receivables²	333.7	339.3

1. The most significant component of other receivables comprises receivables for taxes other than corporate income tax of \$13.5 million (2022: \$9.2 million).

2. The comparative has been re-presented to disclose the current tax receivable of \$24.7 million separately on the face of the Consolidated Statement of Financial Position, as outlined in Note 1 to the Consolidated Financial Statements.

The aged analysis of trade receivables at 31 December was as follows:

	2023 \$m	2022 \$m
Current	244.2	255.0
Past due 1 to 30 days	27.7	33.6
Past due 31 to 90 days	19.2	22.5
Past due 91 to 180 days	15.1	7.9
Past due by more than 180 days	31.6	25.7
	337.8	344.7

The unimpaired amounts at 31 December that are past due were aged as follows:

	2023 \$m	2022 \$m
Past due 1 to 30 days	27.2	32.1
Past due 31 to 90 days	18.5	20.6
Past due 91 to 180 days	12.7	4.7
Past due by more than 180 days	8.1	10.3
	66.5	67.7

The Group believes that the unimpaired amounts that are past due are still collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk.

Movements in the allowance for expected credit losses for the years ended 31 December were as follows:

	2023 \$m	2022 \$m
At 1 January	(22.0)	(14.6)
Charges	(14.3)	(6.6)
Utilisation of provision	9.4	1.1
Foreign exchange	(0.2)	(1.9)
At 31 December	(27.1)	(22.0)

Other non-current receivables

Other non-current receivables of \$11.7 million (2022: \$8.6 million) are principally in respect of deposits held with lessors, prepaid expenses and other receivables.

Receivables financing

During the year, the Group entered into a Limited Recourse Financing Arrangement with a financial institution for certain customers who have longer than normal terms. It has been assessed that the Group has substantially transferred all the risks and rewards of ownership to the financial institution and accordingly, these receivables have been derecognised at the point of sale in accordance with IFRS 9.

As at 31 December 2023, the Group had sold \$44.8 million of receivables to the financial institution, of which \$27.4 million remained unpaid by the customer.

Notes to the consolidated financial statements continued

13. TRADE AND OTHER PAYABLES

Trade payables consist of amounts owed to third-party suppliers and represent a contractual obligation to deliver cash in the future.

Other payables include taxes and social security, accruals and liabilities for other employee-related benefits.

Accounting policy

Trade payables are recognised at the value of the invoice received from the supplier and are not interest bearing. The carrying amount of trade and other payables is considered to approximate fair value, due to their short-term maturities.

The components of trade and other payables at 31 December were as follows:

	2023 \$m	2022 \$m
Included within current liabilities:		
Trade payables	136.9	112.2
Taxes and social security	32.2	26.0
Other employee-related liabilities	108.2	92.3
Accruals and other payables ¹	111.4	116.1
Trade and other payables	388.7	346.6

1. Included within accruals and other payables are customer rebates of \$19.8 million (2022: \$16.9 million) and amounts held in escrow of \$12.3 million (2022: \$18.3 million).

	2023 \$m	2022 \$m
Included within non-current liabilities:		
Defined benefit obligations (Note 15)	12.1	11.0
Other employee-related liabilities	5.1	7.7
Accruals and other payables	15.3	14.0
Other non-current liabilities	32.5	32.7

14. PROVISIONS

A provision is an obligation recognised when there is uncertainty over the timing or amount that will be paid. Provisions recognised by the Group are primarily in respect of restructuring, decommissioning, dilapidations, legal liabilities and contingent consideration. The contingent consideration provisions recognised by the Group is in respect of acquisitions and includes amounts contingent on future events such as development milestones and sales performance.

Accounting policy

In line with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, a provision is recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation and that obligation can be measured reliably. Restructuring provisions are only recognised when a constructive obligation exists, which requires both a detailed formal plan and a valid expectation being raised in those affected by starting to implement that plan or announcing the main features. Provisions are measured at the best estimate of the expenditure required to settle the obligation and are discounted to present value if the effect is material. Provisions are reviewed on a regular basis and adjusted to reflect management's best current estimates. Due to the judgemental nature of these items, future settlements may differ from amounts recognised.

Contingent consideration arising from a business combination is recognised at fair value on acquisition. Contingent consideration classified as a liability is a financial instrument and within the scope of IFRS 9 – Financial Instruments and is subsequently measured at fair value, with the changes in fair value recognised in the Consolidated Income Statement, in accordance with IFRS 9. This is classified within Level 3 of the fair value hierarchy (Note 23 – Financial Instruments).

When the timing of a settlement is uncertain or expected to be more than 12 months from the reporting date, amounts are classified as non-current.

The movements in provisions are as follows:

	Dilapidations \$m	Restructuring \$m	Legal \$m	Contingent consideration \$m	Total \$m
1 January 2023	2.8	10.3	0.2	140.0	153.3
Contingent consideration from acquisitions	-	-	-	66.7	66.7
Charged to income statement	1.0	13.9	0.4	-	15.3
Fair value movement of contingent consideration	-	-	-	24.6	24.6
Released to income statement	-	(2.2)	-	-	(2.2)
Utilised	(1.3)	(8.3)	-	(94.7)	(104.3)
Foreign exchange	(0.1)	0.3	-	1.4	1.6
31 December 2023	2.4	14.0	0.6	138.0	155.0
Current					83.7
Non-current					71.3

The expected payment profile of the discounted provisions at 31 December was as follows:

	2023 \$m	2022 \$m
Within 1 year	83.7	100.2
2 to 5 years	58.8	53.1
More than 5 years	12.5	-
Total	155.0	153.3

Dilapidation provisions

Dilapidation provisions are in respect of contractual obligations, on the expiry of a lease, to return leased properties in the condition which is specified in the individual leases.

Restructuring provisions

Restructuring provisions are in respect of the Group's strategic transformation activities. All restructuring provisions are supported by detailed plans and a valid expectation has been raised in those affected as required by the Group's accounting policy.

Legal provision

The legal provision of \$0.6 million is in respect of ongoing cases. Legal issues are often subject to uncertainties over the timing and the final amounts of any settlement.

Contingent consideration

As at 31 December 2023, the discounted fair value of the contingent consideration payable in respect of the Group's acquisitions was \$138.0 million. During the year, contingent consideration of \$66.7 million was recognised in respect of the Starlight acquisition and payments of \$94.7 million were made in respect of the Triad Life Sciences acquisition (\$73.0 million recognised within cash flows from investing activities and \$21.7 million recognised within cash flows from operating activities in the Consolidated Statement of Cash Flows). The net charge to the income statement in respect of changes in the fair value of the contingent consideration (based on the best estimates of the amounts payable as at 31 December 2023) was \$24.6 million. In addition, there was a foreign exchange movement of \$1.4 million from the re-translation of non-USD denominated balances.

Refer to Note 26 – Acquisitions for further details.

Notes to the consolidated financial statements continued

15. POST-EMPLOYMENT BENEFITS

The Group has over 10,000 employees globally and operates a number of defined benefit and defined contribution pension plans for its employees. Each individual plan is subject to the applicable laws and regulations of the country in which the plan operates.

Defined contribution arrangements are where the Group pays fixed payments as they fall due into a separate fund on behalf of employees participating in the plan and has no further legal or constructive obligations. The cost of Group contributions to defined contribution arrangements during the year is provided in Note 3 – Operating costs.

A defined benefit plan is a pension or other post-employment benefit plan under which the Group has an obligation to provide agreed benefits to current and former employees. The Group bears the risk that its obligation may increase or that the value of the assets in the pension fund may decline. The benefit payable in the future by the Group is discounted to the present value and the fair value of plan assets is deducted to measure the defined benefit pension position.

The Group has defined benefit plans in a number of European countries. The most significant plans are: Switzerland, a state mandated plan that remains open to all Swiss employees; and Germany, with one unfunded plan, that remains open to German employees but closed to new entrants, and a funded plan put in place from April 2019. The value of the funded plan in Germany is negligible to the Group. The Group's other defined benefit plans are located in Austria, France and Italy (referred to as "Other" in the tables below).

For plans in Switzerland, Germany and Austria, asset funds for each country are being accumulated to meet the accruing liabilities. The assets of each of these funds are either held under trusts or managed by insurance companies and are entirely separate from the Group's assets.

Accounting policy**Defined contribution pension plans**

Payments to defined contribution pension plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit plans are treated as payments to defined contribution pension plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution pension plan.

Defined benefit pension plans

The Group records an asset or liability related to its defined benefit pension plans as the difference between the fair value of the plan assets and the present value of the plan liabilities. The obligations of the plans are calculated using the Projected Unit Credit Method, with actuarial valuations being performed by an independent actuary at the end of each reporting period. The valuation requires estimates and judgements to be made to calculate the Group's liabilities, and results in actuarial gains and losses being recorded.

Actuarial gains and losses, movements in the return on plan assets (excluding interest) and the impact of the asset ceiling (if applicable) are recognised immediately in the Consolidated Statement of Financial Position with a charge or credit to the Consolidated Statement of Comprehensive Income. Remeasurements recorded in the Consolidated Statement of Comprehensive Income are not subsequently reclassified to the Consolidated Income Statement.

Past service cost is recognised in the Consolidated Income Statement in the period of plan amendment, where relevant. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset.

The assets of the plans are held at fair value, which is equal to market value, and are held in separate trustee-administered funds or similar structures in the countries concerned. Surplus assets within the plan are only recognised to the extent that they are recoverable in accordance with IFRIC Interpretation 14, IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (IFRIC 14).

Risks

The defined benefit plans typically expose the Group to risks. The most significant risks impacting the Group as a result of these plans are as follows:

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high-quality corporate bond yields; if the return on plan assets is below this rate, it will create a plan deficit. Currently the Group's plans invest primarily in debt instruments.
Interest risk	A decrease in the interest rate will increase the plan liability, but this will be partially offset by an increase in the return on the plan's fixed rate debt instruments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Amounts recorded in the Consolidated Financial Statements

Consolidated Income Statement

The aggregate expense for all post-employment defined benefit plans recognised in the Consolidated Income Statement for the year ended 31 December was as follows:

	2023 \$m	2022 \$m
Defined benefit plans:		
Current service cost	1.1	1.7
Past service (income)	(0.1)	(0.2)
Interest income on plan assets	(0.2)	(0.2)
Interest expense on defined benefit obligations	0.6	0.4
Total expense (Note 3)	1.4	1.7

Consolidated Statement of Comprehensive Income

Aggregate actuarial gains and losses for all defined benefit plans recognised in the Consolidated Statement of Comprehensive Income for the year ended 31 December were as follows:

	2023 \$m	2022 \$m
<i>Remeasurement effect recognised in other comprehensive income:</i>		
Actuarial gain on liabilities due to experience	0.1	1.3
Actuarial gain arising from changes in financial assumptions	0.1	8.9
Actuarial loss on plan assets	(0.2)	(1.7)
Remeasurement gain recognised in other comprehensive income	-	8.5
Deferred tax on remeasurement loss recognised in other comprehensive income	(0.2)	(0.1)
Total amount recognised in other comprehensive income	(0.2)	8.4

Consolidated Statement of Financial Position

The amount recognised for each defined benefit arrangement in the Consolidated Statement of Financial Position at 31 December was as follows:

	Germany		Switzerland		Other		Total	
	2023 \$m	2022 \$m	2023 \$m	2022 \$m	2023 \$m	2022 \$m	2023 \$m	2022 \$m
Fair value of schemes' assets	-	-	11.8	10.4	0.8	0.7	12.6	11.1
Present value of funded schemes' liabilities	-	-	(13.8)	(12.3)	(0.7)	(0.7)	(14.5)	(13.0)
Deficit in the funded schemes	-	-	(2.0)	(1.9)	0.1	-	(1.9)	(1.9)
Present value of unfunded schemes' liabilities	(8.4)	(7.4)	-	-	(1.8)	(1.7)	(10.2)	(9.1)
Net pension liability	(8.4)	(7.4)	(2.0)	(1.9)	(1.7)	(1.7)	(12.1)	(11.0)
Recognised within Consolidated Statement of Financial Position:								
Defined benefit obligations (Note 13)							(12.1)	(11.0)

The weighted average duration of the Group's defined benefit obligations at the end of the year is 16.5 years (2022: 17.0 years).

Notes to the consolidated financial statements continued

15. POST-EMPLOYMENT BENEFITS (CONTINUED)

Fair value of assets and present value of the liabilities of the plan

The amount included in the Consolidated Statement of Financial Position arising from its obligations in respect of its defined benefit plans was as follows:

	Assets \$m	Liabilities \$m	Total \$m
At 1 January 2022	14.1	(33.8)	(19.7)
Current service cost	–	(1.7)	(1.7)
Past service income	–	0.2	0.2
Interest income/(expense)	0.2	(0.4)	(0.2)
Remeasurement (loss)/gain	(1.7)	6.5	4.8
Contributions by employer	0.6	–	0.6
Contributions by members	0.5	(0.5)	–
Benefits paid	(2.4)	2.7	0.3
Experience gain	–	3.9	3.9
Foreign exchange	(0.2)	1.0	0.8
At 31 December 2022	11.1	(22.1)	(11.0)
Current service cost	–	(1.2)	(1.2)
Past service income	–	0.1	0.1
Interest income/(expense)	0.2	(0.6)	(0.4)
Remeasurement gain/(loss)	(0.2)	0.1	(0.1)
Contributions by employer	0.7	–	0.7
Contributions by members	0.6	(0.6)	–
Benefits paid	(0.9)	1.0	0.1
Experience gain	–	0.1	0.1
Foreign exchange	1.1	(1.5)	(0.4)
At 31 December 2023	12.6	(24.7)	(12.1)

Plan assets

The fair value of defined benefit plan assets at 31 December, which has been determined in accordance with IFRS 13, *Fair Value Measurements*, is analysed below. All assets have a quoted market price and are categorised as a Level 1 measurement in the fair value hierarchy.

	Germany		Switzerland		Other		Total	
	2023 \$m	2022 \$m	2023 \$m	2022 \$m	2023 \$m	2022 \$m	2023 \$m	2022 \$m
Equity instruments	–	–	3.9	3.4	–	–	3.9	3.4
Debt instruments	–	–	4.6	4.1	–	–	4.6	4.1
Property	–	–	1.8	1.6	–	–	1.8	1.6
Qualifying insurance policies	–	–	–	–	0.8	0.7	0.8	0.7
Other	–	–	1.5	1.3	–	–	1.5	1.3
Plan assets	–	–	11.8	10.4	0.8	0.7	12.6	11.1

Actuarial assumptions

The Group makes certain key assumptions in order to value the plan obligations, and the approach to how these are set was as follows:

	Approach taken
Discount rate	Calculated by reference to the yields on high-quality corporate bonds which match expected cash flows in each territory in which a defined benefit plan is present.
Inflation	Calculated using the difference on yields between fixed and index-linked government bonds.
Future salary increases	Based on historical expectations and known future increases, including expected inflation rates.
Mortality	Based on mortality tables derived from assessments performed by national governments and based upon recommendations by plan actuaries.

The principal actuarial assumptions for each defined benefit arrangement used at 31 December were as follows:

	Germany		Switzerland		Other	
	2023	2022	2023	2022	2023	2022
Discount rate	3.57%	3.56%	2.00%	1.90%	3.15% to 4.61%	3.47% to 4.05%
Rate of price inflation	N/A	N/A	1.00%	1.00%	2.00% to 2.20%	2.20% to 3.00%
Future salary increases	3.00%	3.00%	1.75%	1.75%	0.00% to 3.00%	0.00% to 3.00%

Discount rates have remained consistent year-on-year.

The current mortality assumptions underlying the values of the obligations in the defined benefit plans were as follows:

	Germany		Switzerland		Other	
	2023	2022	2023	2022	2023	2022
Life expectancy at age 65						
Male	18.8 years	18.6 years	23.0 years	22.8 years	24.0 years	23.9 years
Female	22.2 years	22.0 years	23.7 years	24.6 years	28.0 years	27.9 years
Life expectancy at age 65 in 20 years' time						
Male	21.5 years	21.4 years	25.2 years	25.1 years	24.9 years	24.9 years
Female	24.4 years	24.3 years	25.7 years	26.6 years	28.9 years	28.9 years

Sensitivity analysis

The effect of movements in the key actuarial assumptions in respect of the Germany and Switzerland plans at 31 December 2023 would be an (increase)/decrease to the defined benefit asset/liabilities as follows:

	Germany		Switzerland	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	0.7	(0.8)	1.0	(1.1)
Inflation	N/A	N/A	(0.4)	0.4
Future salary increases	N/A	N/A	(0.3)	0.2
	1 year increase	1 year decrease	1 year increase	1 year decrease
Life expectancy	(0.2)	0.2	(0.2)	0.2

Future funding

Payments expected to be made by the Group to its defined benefit pension plans in the year ended 31 December 2024 are as follows:

	Germany \$m	Switzerland \$m	Other \$m	Total \$m
Expected payments	0.1	0.5	–	0.6

Notes to the consolidated financial statements continued

CAPITAL STRUCTURE AND FINANCIAL COSTS

The Group ensures that all entities within the Group have sufficient funding to deliver the Group's strategy while maximising the return to shareholders through the debt and equity balance. The capital structure of the Group consists of net debt (which includes borrowings less cash and cash equivalents and excluding lease liabilities) and equity of the Group, comprising issued capital, reserves and earnings as disclosed in the Consolidated Statement of Changes in Equity.

16. CAPITAL STRUCTURE AND NET DEBT

The capital structure of the Group at 31 December was as follows:

	2023 \$m	2022 \$m
Borrowings (Note 21)	1,226.9	1,211.9
Less: Cash and cash equivalents (Note 22)	(97.6)	(143.8)
Net debt (excluding lease liabilities)	1,129.3	1,068.1
Equity	1,692.7	1,609.7
Total capital	2,822.0	2,677.8

The Group's capital structure is managed to provide ongoing returns to shareholders and service debt obligations whilst maintaining maximum operational flexibility.

17. SHARE CAPITAL AND RESERVES

Share capital

Called up share capital is the total number of shares in issue at their par value. The rights attaching to the ordinary shares are uniform in all respects. They form a single class for all purposes, including with respect to voting and for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Group. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction from the proceeds, net of tax.

Repurchased shares are classified as own shares and are disclosed in the own shares reserve.

Share premium

The share premium represents amounts received in excess of the nominal value of the ordinary shares.

Own shares

Own shares are ordinary shares in the Group purchased and held by an Employee Benefit Trust to satisfy obligations under the Group's employee share ownership programmes.

When any Group company purchases the Company's equity share capital (own shares), the consideration paid, including any directly attributable incremental costs (net of tax), is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable costs and the related tax effects, is recognised in equity and the resulting surplus or deficit on the transaction is presented within share premium.

Merger reserve

In 2016, the Consolidated Financial Statements were prepared under merger accounting principles. Under these principles, no acquirer was required to be identified and all entities were included at their pre-combination carrying amounts. This accounting treatment led to differences on consolidation between issued share capital and the book value of the underlying net assets. This difference is included within equity as a merger reserve.

Cumulative translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Other reserves

Other reserves comprises of the cumulative changes in the effective portion of cash flow hedges, remeasurement of defined benefit plans and the share-based payment reserve.

Share capital

Shares were allotted during the year in respect of the Group's scrip dividend offering. The movements in ordinary shares of 10 pence each were as follows:

	Ordinary shares number	Share capital \$m	Share premium \$m
Issued and fully paid or credited as fully paid			
1 January 2022	2,014,572,935	247.0	142.3
Issue of new shares for Employee Benefit Trust	20,000,000	2.6	–
Issue of new shares for Scrip Scheme – 2021 final dividend	7,192,010	0.9	18.0
Issue of new shares for Scrip Scheme – 2022 interim dividend	2,107,103	0.2	5.4
	29,299,113	3.7	23.4
31 December 2022	2,043,872,048	250.7	165.7
Issue of new shares for Scrip Scheme – 2022 final dividend	1,717,549	0.2	4.5
Issue of new shares for Scrip Scheme – 2023 interim dividend	4,199,962	0.6	10.8
	5,917,511	0.8	15.3
31 December 2023	2,049,789,559	251.5	181.0

At 31 December 2023, 3,986,597 shares (2022: 10,975,451 shares) were held in the Employee Benefit Trust. The market value of own shares at 31 December 2023 was \$12.3 million (2022: \$30.8 million).

Other reserves include the share-based payment reserve of \$171.1 million (2022: \$155.0 million) and remeasurement of defined benefit obligations of \$4.6 million (2022: \$4.8 million), the effective portion of cash flow hedges of \$4.4 million (2022: \$4.9 million), and remeasurement of equity investments of \$7.8 million (2022: nil). A reconciliation of movements in all reserves is provided in the Consolidated Statement of Changes in Equity.

Distributable reserves

Retained and realised distributable reserves equate to the retained surplus of Convatec Group Plc as set out in the Company Financial Statements on page 197. At 31 December 2023, the retained surplus of the Company was \$1,539.4 million (2022: \$1,562.9 million). The capacity of the Company to make dividend payments is primarily determined by the availability of these retained and realised distributable reserves and the Group's cash resources including available borrowing facilities.

18. DIVIDENDS

The Group ensures that adequate realised distributable reserves are available in the Company in order to meet proposed shareholder dividends, and the purchase of shares for employee share scheme incentives. The Company principally derives distributable reserves from dividends received from subsidiary companies.

In determining the level of dividend for the year, the Board considers the following factors and risks that may influence the proposed dividend:

- Availability of realised distributable reserves;
- Available cash resources and commitments;
- Strategic opportunities and investments, in line with the Group's strategic plan; and
- Principal risks of the Group (as disclosed on pages 80 to 84).

The Board paid the 2022 final dividend in May 2023 and the 2023 interim dividend in September 2023. The Board has taken into consideration balancing the return to shareholders and the additional investment in transformation in the period. The decision to increase the dividend for 2023 reflects the Board's confidence in the future performance of the Group and the underlying financial strength, distributable reserves position and cash generation of the Group when assessing cash flow forecasts for the next two years from the date of the dividend payment. Further details of the Group's considerations and rationale for its policy in respect of the dividend distribution are given in the Directors' report on page 143.

Accounting policy

Dividends paid are included in the Group Consolidated Financial Statements at the earlier of payment of the dividends or, in respect of the Company's final dividend for the year, on approval by shareholders.

Notes to the consolidated financial statements continued

18. DIVIDENDS (CONTINUED)

Dividends paid and proposed were as follows:

	Pence per share	Cents per share	Total \$m	Settled in cash \$m	Settled via scrip \$m	No of scrip shares issued
Final dividend 2021	3.161	4.154	77.8	58.9	18.9	7,192,010
Interim dividend 2022	1.410	1.717	34.8	29.2	5.6	2,107,103
Paid in 2022	4.571	5.871	112.6	88.1	24.5	9,299,113
Final dividend 2022	3.657	4.330	92.4	87.7	4.7	1,717,549
Interim dividend 2023	1.380	1.769	34.4	23.0	11.4	4,199,962
Paid in 2023	5.037	6.099	126.8	110.7	16.1	5,917,511
Final dividend 2023 proposed	3.517	4.460	91.4			

The Company previously operated a scrip dividend scheme, allowing shareholders to elect to receive their dividend in the form of new fully paid ordinary shares. During 2023, the Board took the decision to terminate the scrip dividend option.

The final dividend proposed for 2023, to be distributed on 23 May 2024 to shareholders on the register at the close of business on 26 April 2024, is based upon the issued and fully paid share capital as at 31 December 2023 and is subject to shareholder approval at the Annual General Meeting on 16 May 2024. The dividend will be declared in US dollars and will be paid in Sterling at the chosen exchange rate of \$1.268/£1.00 determined on 5 March 2024.

The interim and final dividends for 2023 give a total dividend for the year of 6.229 cents per share (2022: 6.047 cents per share).

19. SHARE-BASED PAYMENTS

The Group operates a number of plans used to award shares to Executive Directors and other senior employees as part of their remuneration package. A charge is recognised over the vesting period in the Consolidated Income Statement to record the cost of these, based on the fair value of the award at the grant date.

The Group's share-based payment schemes in place are as follows:

Long Term Incentive Plan (LTIP)

Provides Performance Share Plan (PSP) awards subject to Group performance and market conditions and Restricted Stock Units (RSU) subject only to remaining employed up to the vesting date. Details on share-based payments in relation to Executive Directors is set out on page 127.

Deferred Bonus Plan (DBP)

Provides for the grant of share awards to defer a portion of the participant's bonus as determined by the Remuneration Committee. The awards vest subject only to remaining employed up to the vesting date.

Share Plan/Matching Share Plan (SP/MSP)

Provides for the grant of discretionary share awards. Awards granted in 2023 will vest to employees still employed on the vesting date.

Employee Plans

The Group also operates Employee Plans which provide eligible employees the opportunity to save up to £500 per month (or local currency equivalent) with an option to acquire shares using these savings at a 15% discount to the market price at date of grant. The Employee Plans are available to employees under the following schemes:

- *Save-As-You-Earn (SAYE)* – Available to all employees in the UK employed by participating Group companies.
- *Employee Stock Purchase Plan (ESPP)* – Available to all employees in the US.
- *International Share Save Plan* – Available to all employees in the rest of the world.

Accounting policy

Equity-settled share-based payment awards are measured at the fair value of the award on the grant date, excluding the effect of non-market-based vesting conditions. The fair value of the awards at the date of the grant is expensed to general and administrative expenses in the Consolidated Income Statement over the vesting period on a straight-line basis.

Appropriate adjustments are made to reflect expected and actual forfeitures during the vesting period due to uncertainties in satisfying service conditions or non-market performance conditions. The corresponding credit is to other reserves in the Consolidated Statement of Financial Position.

Share-based payment expenses recognised in the Consolidated Income Statement as follows:

	2023 \$m	2022 \$m
LTIP	7.3	10.8
SP/MSP	5.5	3.0
DBP	1.0	1.6
Employee Plans	0.8	1.3
	14.6	16.7

During the year to 31 December 2023, \$14.5 million (2022: \$16.6 million) of share-based payment was equity-settled and \$0.1 million (2022: \$0.1 million) was cash-settled. All amounts that were equity-settled were recognised in Other reserves, with the amounts that were cash-settled recognised through Other liabilities.

Awards outstanding

The movements in the number of share and share option awards and the weighted average exercise price of share options are detailed below:

	2023		2022	
	Number of shares/ options 000's	Weighted average exercise price of options £ per share	Number of shares/ options 000's	Weighted average exercise price of options £ per share
Outstanding at 1 January	30,800	0.33	33,707	0.43
Granted	10,987	0.22	14,225	0.32
Forfeited	(4,081)	0.47	(7,728)	0.48
Exercised	(6,267)	0.25	(9,404)	0.54
Outstanding at 31 December	31,439	0.29	30,800	0.33
Exercisable at 31 December	840	1.51	993	1.33
Weighted average fair value of awards granted (£ per share)	-	1.53	-	1.18

The average share price during 2023 was £2.21 (2022: £2.11). The share price of the Company at 31 December 2023 was £2.44.

The range of exercise prices and the weighted average remaining contractual life of options outstanding at 31 December were as follows:

	2023 Number of shares/options 000's	2022 Number of shares/options 000's
Range of prices		
Nil	26,414	24,990
1.21	73	788
1.74	2,002	2,511
1.76	1,821	1,108
1.84	18	18
2.08	1,111	1,385
	31,439	30,800
Weighted average remaining contractual life of options outstanding	1.9 years	2.2 years

Notes to the consolidated financial statements continued

19. SHARE-BASED PAYMENTS (CONTINUED)

Valuation assumptions

All share awards granted are valued directly by reference to the share price at date of grant except:

- PSP shares awarded under the LTIP and MSP plans are subject to both market based measures and non-market based measures. Values under the market-based element are based on relative Total Shareholder Return (TSR) performance conditions and are valued using a Monte Carlo simulation.
- Options granted under the Employee Plans are valued using the Black-Scholes model.

The principal assumptions used in these valuations were:

	2023			2022		
	LTIP	SAYE & International Share Save Plan	ESPP	LTIP	SAYE & International Share Save Plan	ESPP
Share price at date of grant	£2.21	£2.07	£2.07	£1.79	£2.13	£1.99
Exercise price	nil	£1.76	£1.76	nil	£1.74	£1.74
Expected life	3 years	3.6 years	2.0 years	3.0 years	3.6 years	2.0 years
Expected volatility ¹	25.1%	25.1%	25.1%	28.7%	28.7%	28.7%
Risk free rate	3.3%	3.3%	3.3%	1.3%	1.3%	1.3%
Dividend yield	2.3%	2.3%	2.3%	2.5%	2.5%	2.5%
Fair value	£1.09 & £1.41	£0.38	£0.34	£1.03	£0.36	£0.33

1. The expected volatility was determined by calculating the observed historical volatility of share prices of peer group companies (including the Company) over the expected life of the share award.

20. FINANCIAL RISK MANAGEMENT

The Group's treasury policy seeks to minimise the Group's principal financial risks. No trading or speculative transactions in financial instruments are undertaken. This note presents information about the Group's exposure to financial risks and the Group's objectives, policies and processes for measuring and managing risks.

Financial risk management objectives

Based on the global operations of the Group, management consider the key financial risks to be liquidity, foreign exchange, interest rate and counterparty credit. The management of counterparty credit risk is discussed in Note 12 – Trade and other receivables.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group manages and minimises liquidity risk by using global cash management solutions and actively monitoring both actual and projected cash outflows to ensure that it will have sufficient liquidity to meet its liabilities when due and have headroom to provide against unforeseen obligations. As at 31 December 2023, the Group held cash and cash equivalents of \$97.6 million (2022: \$143.8 million), of which 57.5% (2022: 74.5%) was held centrally.

Medium and long-term borrowing requirements are met through committed bank facilities and capital market funding as detailed in Note 21 – Borrowings. Short-term borrowing requirements, if necessary, may be met from drawings under the multicurrency facility.

Longer term, the Group has assessed its liquidity forecast as part of the viability assessment and its ability to continue trading as a going concern. For further detail on the Group's assessment of liquidity risk, refer to the Viability statement on pages 86 to 87.

Foreign exchange risk

As a result of the global nature of operations, the Group is exposed to market risk arising from changes in foreign currency exchange rates.

Where possible, the Group manages foreign exchange risk by matching same currency revenues and expenses. It will also denominate debt in certain currencies and use foreign exchange forward contracts and swap contracts to further minimise transactional foreign exchange risk, with certain currency contracts designated as cash flow hedges; refer to Note 23 – Financial instruments for details. As a result, the impacts of the fluctuations in the market values of assets and liabilities and the settlement of foreign currency transactions are reduced.

The following table summarises the exchange rates used for the translation of currencies into US dollars that have the most significant impact on the Group results:

Currency	Average rate/ Closing rate	2023	2022
USD/EUR	Average	1.08	1.05
	Closing	1.10	1.07
USD/GBP	Average	1.24	1.24
	Closing	1.27	1.20
USD/DKK	Average	0.15	0.14
	Closing	0.15	0.14

During 2023, revenue was mostly USD denominated (55%). Other significant currencies were EUR (19%) and GBP (5%). The balance comprises a basket of other currencies which, on an individual basis, were each less than 2% of revenue.

Sensitivity analysis on foreign exchange risk

The sensitivity analysis below assumes a 10% strengthening of the US dollar against the principal currencies to highlight the sensitivity of profit before income taxes and total equity to translation foreign exchange risk as at 31 December, with all other variables held constant.

Currency	Sensitivity	2023 \$m	2022 \$m
<i>Increase/(decrease) in profit before income taxes</i>			
USD/GBP	+10%	4.4	4.0
USD/EUR	+10%	(10.3)	(12.8)
USD/DKK	+10%	(11.2)	(10.4)
<i>Decrease/(increase) in total equity</i>			
USD/GBP	+10%	(88.0)	(81.6)
USD/EUR	+10%	(2.5)	(8.1)
USD/DKK	+10%	(27.0)	(24.3)

Interest rate risk

The Group's principal exposure to interest rate risk is in relation to interest expense on borrowings made under the Group's credit facilities which attract interest at floating rates plus a fixed margin as well as any cash or investments that result in interest income at floating rates. Floating rate instruments expose the Group to interest rate cash flow and expense risk. The Group manages this exposure on a net basis within Board approved policy parameters, including the use of interest rate swaps designated as cash flow hedges to maintain an appropriate mix between fixed and floating rate borrowings.

As at 31 December 2023, the Group's borrowings are denominated in USD and Euros. The Group's credit facilities expose the Group to SOFR and IBOR. The Group's interest rate swaps of \$425.0 million, are referenced to the SOFR and IBOR benchmark (see Note 23 – Financial Instruments).

IBOR Reform

Non-derivative financial liabilities

The Group's facilities are based on a floating rate and reflect IBOR reform. Whilst one of the Group's facilities is multicurrency, most borrowings are expected to be denominated in USD and EUR with the reference rates of SOFR and EURIBOR respectively.

Derivatives

As of 31 December 2023, the Group held interest rate swaps for the purpose of risk management that are designated in cash flow hedge relationships. The floating legs of these swaps are linked to both SOFR and EURIBOR. The Group's derivatives are governed by contracts based on the master agreement of the International Swaps and Derivatives Association (ISDA).

All interest rate swaps at 31 December 2023 have a floating rate linked to SOFR and EURIBOR, aligned with the Group's facilities. See Note 23 – Financial Instruments.

Hedge accounting

Swaps with floating legs linked to SOFR and EURIBOR have also been designated as cash flow hedges and will provide interest rate risk management beyond January 2024.

Sensitivity analysis on interest rate risk

Based on the composition and the terms of the Group's borrowings as at 31 December 2023, and including the 0% interest rate floor and after the effect of the interest rate swaps and cash, if interest rates were to increase or decrease by 100 basis points, the interest expense on borrowings would increase by \$3.1 million (2022: \$4.0 million) or decrease by \$3.1 million (2022: \$4.0 million) assuming that all other variables remain constant and excluding any effect of tax.

Notes to the consolidated financial statements continued

21. BORROWINGS

The Group's sources of borrowing for funding and liquidity purposes derive from senior notes and credit facilities including a committed revolving credit facility.

Accounting policy

Borrowings are recognised at fair value less directly attributable costs on the date that they are entered into and subsequently measured at amortised cost using the effective interest rate method. Borrowing costs directly attributable to the facility are capitalised and amortised over the period of the loan.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Borrowings are classified as non-current when the repayment date is more than 12 months from the period-end date or where they are drawn on a facility with more than 12 months to expiry.

The Group derecognises borrowings when its contractual obligations are discharged, terminated or expired.

Fair value measurement

Borrowings are classified as Level 1 or Level 2 in the fair value hierarchy in accordance with IFRS 13, *Fair Value Measurements*, based upon the degree to which the fair value movements are observable.

The Group's borrowings as at 31 December were as follows:

	Currency	Year of maturity	2023 Face value \$m	2022 Face value \$m
Revolving Credit Facility ¹	USD/Euro	2028	490.6	477.2
Term Loan	USD	2027	250.0	250.0
Senior Notes	USD	2029	500.0	500.0
Interest-bearing borrowings			1,240.6	1,227.2
Financing fees ²			(13.7)	(15.3)
Total carrying value of borrowings			1,226.9	1,211.9
Current portion of borrowings			-	-
Non-current portion of borrowings			1,226.9	1,211.9

1. Included within the Revolving Credit Facility was €100.0 million (\$110.4 million) and £8.0 million (\$8.2 million) at 31 December 2023 (2022: €145.0 million (\$155.2 million)), representing 22.5% of RCF debt denominated in Euros, 2.1% of RCF debt denominated in GBP and 75.4% denominated in US dollars.

2. Financing fees of \$13.7 million (2022: \$15.3 million) related to the remaining unamortised fees incurred on the credit facilities of \$7.8 million (2022: \$8.4 million) and on the senior notes of \$5.9 million (2022: \$6.9 million).

Credit facilities

The credit facilities held by the Group are committed and available for the refinancing of certain existing financial indebtedness and general corporate purposes. The Group's bank credit facility of \$1.2 billion, which was refinanced in November 2022, comprises of a \$250.0 million term loan and a \$950.0 million multicurrency revolving credit facility. As at 31 December 2023, the term loan was fully drawn and \$490.6 million of the revolving credit facility was drawn, with \$459.4 million undrawn. During the year, the Group extended the term of its multicurrency revolving credit facility by an additional year and this is now committed to November 2028 (originally committed for a five-year term to November 2027). Transaction costs directly attributable to the extension have been capitalised and are amortised over the term of the facility using the effective interest rate method. The term loan remains committed for a five-year term to November 2027.

Senior notes

Unsecured senior notes of \$500.0 million are subject to an interest cover financial covenant as defined in the indentures which is a minimum of 2.0 times, with testing required annually at 31 December on the last 12 calendar months' financial performance.

Financial covenants

The principal financial covenants are based on a permitted net debt to covenant-adjusted EBITDA¹ ratio and interest cover test as defined in the credit facilities agreement. Testing is required on a semi-annual basis, at June and December, based on the last 12 months' financial performance. At 31 December 2023, the permitted net debt to covenant-adjusted EBITDA¹ ratio was a maximum of 3.50 times and the interest cover a minimum of 3.50 times, terms as defined by the credit facilities agreement. In accordance with the credit facilities agreement, the net debt to covenant-adjusted EBITDA¹ ratio can increase to a maximum 4.00 times for permitted acquisitions or investments.

The Group was in compliance with all financial and non-financial covenants at 31 December 2023, with significant available headroom on the financial covenants (in excess of \$603.3 million debt headroom on net debt to covenant-adjusted EBITDA¹).

Excluding the impact of interest rate swaps, the weighted average interest rate on borrowings for the year ended 31 December 2023 was 5.7% (2022: 3.4%). The increase in the weighted average interest rate was due to rising underlying reference base rates on debt with floating rates.

Borrowings measured at fair value

The senior notes are listed and their fair value at 31 December 2023 of \$450.1 million (2022: \$430.8 million) has been obtained from quoted market data and therefore categorised as a Level 1 measurement in the fair value hierarchy under IFRS 13, *Fair Value Measurements*. For the Group's other borrowings, the fair value is based on discounted cash flows using a current borrowing rate and is categorised as a Level 2 measurement. At 31 December 2023, the estimated fair value of the Group's other borrowings was \$774.9 million (2022: \$762.4 million).

Maturity of financial liabilities

The contractual undiscounted future cash flows, including contractual interest payments, related to the Group's financial liabilities were as follows:

	Contractual cash flows						Total \$m	Carrying amount \$m
	Within 1 year or on demand \$m	1 to 2 years \$m	2 to 3 years \$m	3 to 4 years \$m	4 to 5 years \$m	More than 5 years \$m		
At 31 December 2023								
Borrowings	58.6	49.8	47.7	298.0	532.8	519.4	1,506.3	1,226.9
Lease liabilities (Note 24)	25.6	19.5	14.6	10.1	8.2	18.5	96.5	85.5
Trade and other payables (Note 13)	388.7	-	-	-	-	-	388.7	388.7
<i>Derivative financial instruments (Note 23)</i>								
Derivative financial instruments payable	1,486.9	6.8	-	-	-	-	1,493.7	17.6
Derivative financial instruments receivable	1,483.1	5.4	-	-	-	-	1,488.5	13.6
At 31 December 2022								
Borrowings	57.5	55.2	50.8	50.2	777.8	538.8	1,530.3	1,211.9
Lease liabilities (Note 24)	22.7	17.8	13.1	9.8	7.9	94.2	165.5	88.3
Trade and other payables (Note 13)	346.6	-	-	-	-	-	346.6	346.6
<i>Derivative financial instruments (Note 23)</i>								
Derivative financial instruments payable	1,919.8	6.3	1.2	-	-	-	1,927.3	32.5
Derivative financial instruments receivable	1,912.5	6.9	1.0	-	-	-	1,920.4	26.6

Refer to Note 14 – Provisions for the expected payment profile in respect of the Group's provisions and contingent consideration.

Reconciliation of movement in borrowings

	2023 \$m	2022 \$m
Borrowings at 1 January	1,211.9	1,344.6
Repayment of borrowings	-	(842.5)
Proceeds of new borrowings, net of financing fees	9.4	714.2
Foreign exchange	2.8	(11.0)
Non-cash movements ²	2.8	6.6
Borrowings at 31 December	1,226.9	1,211.9

1. Covenant-adjusted EBITDA is calculated based on terms as defined in the credit facilities agreement. This is different to adjusted EBITDA, which is an alternative performance measure (APM) as disclosed on pages 34 to 37.

2. Non-cash movements were in respect of the amortisation of deferred financing fees associated with the borrowings. 2022 included a \$2.7 million write-off of the unamortised remaining deferred financing fees following early termination of the Group's previous credit facilities.

Notes to the consolidated financial statements continued

22. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Cash held at bank is used for the Group's day-to-day operations. The Group utilises bank deposits or money market funds which have a maturity of three months or less as liquid investments that enable short-term liquidity requirements to be met.

Accounting policy

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions. All liquid investments, including term deposits and money market funds, have original maturities of three months or less, are subject to insignificant risk of changes in value and are repayable within one business day with no significant loss of interest, resulting in classification as cash equivalents.

Cash at bank earns interest at rates based on daily bank deposit rates. Term deposits and money market funds earn interest at the respective short-term deposit rate.

Cash and cash equivalents at 31 December 2023 included \$21.1 million (2022: \$19.2 million) of cash held in territories where there are restrictions related to timely repatriation. The amounts meet the definition of cash and cash equivalents but are not deemed to be readily available for general use by the wider Group.

Consolidated Statement of Cash Flows

Under certain circumstances, the Group utilises bank overdrafts to manage temporary fluctuations in cash positions. The bank overdrafts are repayable on demand, used as part of the Group's overall cash management strategy and form part of cash and cash equivalents for the purpose of the Consolidated Statement of Cash Flows. The Group had no bank overdrafts as at 31 December 2023 or 31 December 2022.

The Group reports cash flows from operating activities using the indirect method in accordance with IAS 7, *Statement of Cash Flows*. The Group has elected to classify net interest paid (including interest on lease liabilities) as cash flows from operating activities. Short-term lease payments and payments for leases of low-value assets are included in cash flows from operating activities.

Changes in working capital assets and liabilities as reported in cash flows from operating activities reflect the changes in the Consolidated Statement of Financial Position between the current and previous financial year end, including adjustments for amounts relating to acquisitions and disposals (when necessary), as well as currency translation adjustments.

Cash payments for the principal portion of lease liabilities is included within cash flows from financing activities.

Acquisition of property, plant and equipment, and intangible assets reflects additions to the related assets, including adjustments for changes in capital accruals. Acquisition of intangible assets relates to capitalised software, development and product-related licences. Refer to Note 9 – Intangible assets and goodwill for further details.

The adjustment for non-operating expense, net in the Consolidated Statement of Cash Flows excludes the gains and losses realised on cash-settled derivative financial instruments. Refer to Note 5 – Non-operating (expense)/ income, net.

Restricted cash

In certain instances, there are requirements to set aside cash to support payment guarantees and obligations, including the payment of value-added taxes, custom duties on imports, tender programmes and lease arrangements. Such amounts are classified by the Group as restricted cash, which do not form part of cash and cash equivalents. Cash paid into escrow, arising from a business combination, is also classified as restricted cash.

	2023 \$m	2022 \$m
Cash at bank and in hand	57.7	42.6
Money market funds and bank deposits	39.9	101.2
Cash and cash equivalents	97.6	143.8
	2023 \$m	2022 \$m
Restricted cash – current	12.5	18.2
Restricted cash – non-current	5.3	7.3
Total restricted cash	17.8	25.5

Current restricted cash of \$12.5 million (2022: \$18.2 million) relates to cash held in escrow in respect of the Group's acquisitions.

Included in non-current restricted cash of \$5.3 million (2022: \$7.3 million) is \$1.6 million (2022: \$4.0 million) relating to cash held in escrow in respect of the Group's acquisitions. The remaining balance of \$3.7 million (2022: \$3.3 million) relates to amounts held in respect of guarantees and the Group's Share Save scheme for employees. None of these amounts are accessible on demand.

23. FINANCIAL INSTRUMENTS

A derivative financial instrument is a contract that derives its value from the performance of an underlying variable, such as foreign exchange rates or interest rates. The Group uses derivative financial instruments to manage foreign exchange and interest rate risk arising from its operations and financing. Derivative financial instruments used by the Group are foreign exchange forwards and interest rate swaps.

The Group utilises interest rate swap agreements, designated as cash flow hedges, to manage its exposure to variability in expected future cash outflows attributable to the changes in interest rates on the Group's committed borrowing facilities.

Accounting policy

Derivative financial instruments are initially recognised at fair value on the derivative contract date and are remeasured at their fair value at subsequent reporting dates. Derivative financial instruments are classified at fair value through profit or loss (FVTPL) unless they are designated and qualify as an effective cash flow hedge. The fair value of forward foreign exchange contracts is determined by using the difference between the contract exchange rate and the quoted forward exchange rate from third parties at the reporting date.

Hedge accounting

The Group has elected to apply the IFRS 9, *Financial Instruments* hedge accounting requirements. Changes in the fair values of derivatives designated as cash flow hedges are recognised in other comprehensive income to the extent the hedges are effective. The fair value is the estimated amount that the Group would receive or pay to terminate the forward or swap at the reporting date, taking into account current market rates, the Group's current creditworthiness, as well as that of the financial instrument counterparties.

The cumulative gain or loss is then reclassified to the Consolidated Income Statement in the same period when the relevant hedged transaction is realised. Any ineffectiveness on hedging instruments is recognised in the Consolidated Income Statement as they arise. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in the cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is immediately reclassified to profit or loss.

The Group held interest rate swaps of \$425.2 million at 31 December 2023, with exposure to SOFR and EURIBOR as a reference rate and maturing at various points in the next two years. These have been designated as cash flow hedges through other comprehensive income.

Right to offset

Financial assets and liabilities are offset and the net amount presented in the Consolidated Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Fair value measurement

Financial instruments are classified as Level 1, Level 2 or Level 3 in the fair value hierarchy in accordance with IFRS 13, *Fair Value Measurements*, based upon the degree to which the fair value movements are observable. Level 1 fair value measures are defined as those with quoted (unadjusted) market prices in active markets for identical assets or liabilities. Level 2 fair value measurements are defined as those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (prices from third parties) or indirectly (derived from third-party prices). Level 3 fair value measurements are defined as those derived from significant unobservable inputs.

The only instrument classified as Level 1 are the senior notes, given the availability of quoted market price (Note 21 – Borrowings). The Group's derivative financial instruments, discussed below, are classified as Level 2. The Group's equity investment in preference shares (Note 10 – Investment in financial assets) and contingent consideration arising on business combinations are classified within Level 3 of the fair value hierarchy.

The Group holds interest rate swap agreements to fix a proportion of variable interest on US dollar and EURO denominated debt, in accordance with the Group's risk management policy. The interest rate swaps are designated as hedging instruments in a cash flow hedging relationship.

In accordance with Group policy, the Group uses forward foreign exchange contracts, designated as cash flow hedges, to hedge certain forecast third-party foreign currency transactions. When a commitment is entered into a layered approach is taken when hedging the currency exposure, ensuring that no more than 100% of the transaction exposure is covered. The currencies hedged by forward foreign exchange contracts are US dollars, Swiss francs, Pound sterling, Danish krone and Japanese yen.

The Group further utilises foreign exchange contracts and swaps classified as FVTPL to manage short-term foreign exchange exposure.

Notes to the consolidated financial statements continued

23. FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedges

The fair values are based on market values of equivalent instruments at 31 December. The following table presents the Group's outstanding interest rate swaps, which were designated as cash flow hedges at 31 December:

	Currency	Effective date	Maturity date	2023		2022	
				Notional amount \$m	Fair value ¹ assets/ (liabilities) \$m	Notional amount \$m	Fair value ¹ assets/ (liabilities) \$m
3 Month LIBOR Float to Fixed Interest Rate Swap	USD	24 Jan 2020	24 Jan 2023	-	-	275.0	2.0
6 Month term SOFR Float to Fixed Interest Rate Swap	USD	23 Jan 2023	23 Jan 2024	90.0	0.4	90.0	0.2
6 Month term SOFR Float to Fixed Interest Rate Swap	USD	23 Jan 2023	23 Jul 2024	40.0	0.1	40.0	-
6 Month term SOFR Float to Fixed Interest Rate Swap	USD	23 Jan 2023	23 Jan 2025	50.0	0.2	50.0	(0.3)
6 Month term SOFR Float to Fixed Interest Rate Swap	USD	3 Aug 2023	3 Aug 2024	50.0	-	-	-
6 Month term SOFR Float to Fixed Interest Rate Swap	USD	3 Aug 2023	3 Feb 2025	50.0	-	-	-
6 Month term SOFR Float to Fixed Interest Rate Swap	USD	3 Aug 2023	4 Aug 2025	50.0	-	-	-
6 Month term EURIBOR Float to Fixed Interest Rate Swap	EUR	29 Sep 2023	29 Sep 2024	55.2	(0.2)	-	-
6 Month term SOFR Float to Fixed Interest Rate Swap	USD	29 Sep 2023	29 Sep 2025	40.0	(0.5)	-	-

1. The fair values of the interest rate swaps were disclosed in non-current derivative financial liabilities, current derivative financial liabilities and current derivative assets in the Consolidated Statement of Financial Position. There was no ineffectiveness recognised in the Consolidated Income Statement.

Foreign exchange forward contracts

The following table presents the Group's outstanding foreign exchange forward contracts valued at FVTPL and foreign currency forward contracts designated as cash flow hedges, disclosed in current derivative financial assets and liabilities, at 31 December:

	Term	2023		2022	
		Notional amount \$m	Fair value assets/ (liabilities) \$m	Notional amount \$m	Fair value assets/ (liabilities) \$m
Foreign exchange contracts	≤ 3 months	453.0	8.0	996.6	21.3
Foreign currency forward exchange contracts designated as cash flow hedges	≤ 12 months	195.9	4.4	72.7	3.1
Derivative financial assets		648.9	12.4	1,069.3	24.4
Foreign exchange contracts	≤ 3 months	760.7	(15.2)	703.7	(30.2)
Foreign currency forward exchange contracts designated as cash flow hedges	≤ 12 months	53.3	(1.3)	132.8	(2.3)
Derivative financial liabilities		814.0	(16.5)	836.5	(32.5)

During the year ended 31 December 2023, the Group realised a net loss of \$4.3 million (2022: \$15.8 million gain) on foreign exchange forward contracts designated as FVTPL in Note 5 – Non-operating income/(expense), net in the Consolidated Income Statement.

Impact of hedging on other comprehensive income

The following table presents the impact of hedging on other comprehensive income:

	2023 \$m	2022 \$m
Recognised in other comprehensive income:		
Effective portion of changes in fair value of cash flow hedges:		
Interest rate swaps	(1.3)	3.3
Foreign currency forward exchange contracts designated as cash flow hedges	2.0	(11.0)
Changes in fair value of cash flow hedges reclassified to the Consolidated Income Statement	(0.8)	16.5
Cost of hedging	(0.5)	(1.1)
Total	(0.6)	7.7

24. LEASES

The Group principally leases real estate and vehicles. Leases are recognised as a right-of-use asset with a corresponding liability recorded at the date at which the leased asset is available for use by the Group.

Accounting policy

The lease liability is measured at the present value of future lease payments discounted using the rate implicit in the lease. If this rate is not readily determinable, the Group uses its incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Options such as lease extensions or terminations on lease contracts are considered on a case-by-case basis by regular management assessment.

Each lease payment is allocated between amounts paid for principal and interest. The interest cost is charged to the Consolidated Income Statement over the lease term to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated on a straight-line basis over the lease term.

Payments associated with short-term leases and low-value leases are recognised on a straight-line basis as an expense in the Consolidated Income Statement. Short-term leases are leases with a lease term of 12 months or less and low-value leases comprise of leases with an underlying asset value of less than \$5,000. Expenses recognised for these short-term and low-value leases for the year ended 31 December 2023 were \$2.4 million (2022: \$3.9 million).

The movements in right-of-use assets were as follows:

	Real estate and other \$m	Vehicles \$m	Total \$m
As at 1 January 2022	70.3	13.3	83.6
Lease additions	12.3	8.4	20.7
Arising from acquisitions	2.2	–	2.2
Leases terminated	(1.4)	0.1	(1.3)
Depreciation of right-of-use assets	(14.7)	(7.4)	(22.1)
Foreign exchange	(3.1)	(0.6)	(3.7)
As at 31 December 2022	65.6	13.8	79.4
Lease additions	14.2	10.9	25.1
Arising from acquisitions (Note 26)	1.6	–	1.6
Leases terminated	(7.4)	(0.9)	(8.3)
Depreciation of right-of-use assets	(14.7)	(8.0)	(22.7)
Impairment of right-of-use assets	(1.9)	–	(1.9)
Foreign exchange	0.9	0.6	1.5
As at 31 December 2023	58.3	16.4	74.7

Movements in lease liabilities were as follows:

	2023 \$m	2022 \$m
Lease liabilities as at 1 January	88.3	90.5
Lease additions	25.1	21.0
Arising from acquisitions (Note 26)	1.6	2.9
Payment of lease liabilities	(22.7)	(20.7)
Leases terminated	(8.3)	(1.2)
Interest expense on lease liabilities (Note 25)	3.5	3.3
Interest paid on lease liabilities	(3.5)	(3.3)
Foreign exchange	1.5	(4.2)
Lease liabilities as at 31 December	85.5	88.3

Total cash outflow of lease liabilities including interest for the year ended 31 December 2023 was \$26.2 million (2022: \$ 24.0 million). Interest paid during the year was \$3.5 million (2022: \$3.3 million).

Lease liabilities by category at 31 December were as follows:

	2023			2022		
	Real estate and other \$m	Vehicles \$m	Total \$m	Real estate and other \$m	Vehicles \$m	Total \$m
Current	13.9	6.8	20.7	13.8	6.5	20.3
Non-current	55.3	9.5	64.8	60.6	7.4	68.0
Total	69.2	16.3	85.5	74.4	13.9	88.3

Notes to the consolidated financial statements continued

24. LEASES (CONTINUED)

The maturity of lease liabilities at 31 December was as follows:

	2023			2022		
	Real estate and other \$m	Vehicles \$m	Total \$m	Real estate and other \$m	Vehicles \$m	Total \$m
Within 1 year	13.9	6.8	20.7	13.8	6.5	20.3
1 to 2 years	14.0	5.0	19.0	12.3	4.2	16.5
2 to 3 years	9.7	3.2	12.9	9.5	2.3	11.8
3 to 4 years	7.6	1.1	8.7	8.1	0.7	8.8
4 to 5 years	7.0	0.1	7.1	7.2	0.1	7.3
More than 5 years	17.0	0.1	17.1	23.5	0.1	23.6
Total	69.2	16.3	85.5	74.4	13.9	88.3

The undiscounted contractual cash flows in relation to the maturity of leases liabilities have been disclosed in Note 21 – Borrowings.

25. FINANCE INCOME AND EXPENSE

Finance expenses arise from interest on the Group's borrowings and lease liabilities. Finance income arises from interest earned on investment of surplus cash.

Accounting policy

Finance expenses, including the transaction costs for borrowings and any discount or premium on issue, are recognised in the Consolidated Income Statement using the effective interest rate method.

When existing debt is derecognised in the financial statements any transaction costs not amortised are recognised immediately in the Consolidated Income Statement.

Upon derecognition of financial liabilities, any unamortised financing fees are recognised immediately in the Consolidated Income Statement.

Interest related to qualifying assets under construction included within PP&E is capitalised (refer to Note 8 – Property, plant and equipment).

Refer to Note 24 – Leases for accounting policy on interest expense on lease liabilities.

Interest arising from interest rate swaps is recorded as either interest income or expense over the term of the agreement. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in the cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

Finance costs, net for the year ended 31 December were as follows:

	2023 \$m	2022 \$m
Finance income		
Interest income on cash and cash equivalents	5.2	5.5
Total finance income	5.2	5.5
Finance expense		
Interest expense on borrowings	(75.2)	(46.4)
Other financing-related fees ¹	(7.2)	(8.2)
Interest expense on interest rate derivatives	-	(1.4)
Interest expense on lease liabilities	(3.5)	(3.3)
Capitalised interest ²	5.4	2.0
Other finance costs	(0.2)	(0.3)
Total finance expense	(80.7)	(57.6)
Finance costs, net	(75.5)	(52.1)

1. Other financing-related fees include the amortisation of deferred financing fees associated with the multicurrency revolving credit facilities, term loan facilities and senior notes.
2. Capitalised interest was calculated using the Group's weighted average interest rate over the year of 5.7% (2022: 3.4%), and will be treated as tax deductible.

26. ACQUISITIONS

During the year to 31 December 2023, the Group completed the acquisitions of:

- Starlight Science Limited (Starlight), a pre-commercial UK-based company.
- A Better Choice Medical Supply LLC (ABCMS), a US-based intermittent catheter provider.
- All American Medical Supply Corp (AAMS), a New York home supplier of urinary catheters and compression stockings.

This note provides details of the transactions and the acquisition accounting that has been recorded to reflect the fair value of assets acquired and liabilities assumed as well as the intangible assets and goodwill recognised upon acquisition. This note also provides details of any fair value changes identified post-acquisition in respect of previous acquisitions that the Group has completed.

Accounting policy

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method of accounting. Consideration transferred in respect of an acquisition is measured at the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed on the date of the acquisition. Identified assets acquired and liabilities assumed are measured at their respective acquisition-date fair values.

The excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired is recorded as goodwill. If the fair value of the identifiable net assets acquired is greater than the fair value of the consideration given, the excess is recognised immediately in the Consolidated Income Statement as a bargain purchase gain. Acquisition-related costs are expensed as incurred.

The operating results of the acquired business are reflected in the Group's Consolidated Financial Statements from the date of acquisition.

The classification of cash payments associated with contingent consideration within the Consolidated Statement of Cash Flows is dependent on the nature of the arrangement.

Either the settlement of the amount initially recognised upon acquisition is reflected in cash flows from investing activities, with the element of the payment relating to any subsequent remeasurement included within cash flows from operating activities; alternatively, cash flows may be considered financing in nature and included within cash flows from financing activities.

Starlight Science Limited (Starlight)

On 18 April 2023, the Group completed its acquisition of 100% of the share capital of Starlight Science Limited (Starlight), a UK-based company owned by 30 Technology Limited. The acquisition of Starlight included the anti-infective nitric oxide technology platform and new product pipeline, which complements the Group's Advanced Wound Care portfolio and strengthens the Group's ability to provide best-in-class solutions for patients.

In addition to the initial consideration of \$56.7 million (£45.3 million), the sellers may earn contingent consideration up to a maximum of \$163.9 million (£131.0 million), in the form of (i) milestone payment of \$58.8 million (£47.0 million) due upon regulatory clearances in the US and Europe; and (ii) earnout payments based on sales of products over the lifetime of the acquired patents, with the maximum earnout capped at \$105.1 million (£84.0 million).

The provisional discounted fair value of the contingent consideration at the date of acquisition was \$66.7 million, discounted at 19.1%. Following completion of acquisition accounting, any changes in the fair value of the contingent consideration will be recorded in the Consolidated Income Statement in accordance with the Group's accounting policies.

A Better Choice Medical Supply LLC (ABCMS)

On 5 July 2023, the Group completed its acquisition of 100% of the share capital of A Better Choice Medical Supply LLC (ABCMS), a US-based intermittent catheter provider, to further strengthen the Group's Home Service Group. The company was founded in 2008 and is based out of White Lake, Michigan. The consideration for the acquisition was \$26.6 million which included \$3.0 million of deferred consideration paid into escrow. There is no earn out associated with this acquisition.

All American Medical Supply Corp (AAMS)

On 4 October 2023, the Group completed its acquisition of 100% of the share capital of All American Medical Supply Corp (AAMS), New York-focused home supplier of urinary catheters and compression stockings, to further strengthen the Group's Home Service Group. The company was founded in 2009 and is based out of Long Island, New York. The consideration for the acquisition was \$1.5 million which included \$0.3 million of deferred consideration paid into escrow. There is no earn out associated with this acquisition.

Notes to the consolidated financial statements continued

26. ACQUISITIONS (CONTINUED)

Assets acquired and liabilities assumed

Each of the transactions meet the definition of a business combination and have been accounted for under the acquisition method of accounting. The following table summarises the provisional fair values of the assets acquired and liabilities assumed as at the acquisition dates:

	Starlight Provisional \$m	ABCMS Provisional \$m	All American Provisional \$m	Total Provisional \$m
Non-current assets				
Property, plant & equipment	0.4	-	-	0.4
Right-of-use assets	1.3	0.3	-	1.6
Intangible assets	112.5	4.3	-	116.8
Current assets				-
Trade and other receivables	0.1	0.6	0.1	0.8
Cash and cash equivalents	-	0.2	-	0.2
Total assets acquired	114.3	5.4	0.1	119.8
Current liabilities				
Trade and other payables	(0.1)	(0.2)	-	(0.3)
Lease liabilities	(0.2)	-	-	(0.2)
Non-current liabilities				-
Lease liabilities	(1.1)	(0.3)	-	(1.4)
Deferred tax liabilities	(12.5)	-	-	(12.5)
Total liabilities assumed	(13.9)	(0.5)	-	(14.4)
Net assets acquired	100.4	4.9	0.1	105.4
Goodwill	23.0	21.5	1.4	45.9
Total	123.4	26.4	1.5	151.3
Initial cash consideration	56.7	23.5	1.2	81.4
Deferred purchase consideration paid into escrow ¹	-	3.0	0.3	3.3
Working capital adjustment ²	-	(0.1)	-	(0.1)
Contingent consideration	66.7	-	-	66.7
Total consideration	123.4	26.4	1.5	151.3

Analysis of cash outflow in the Consolidated Statement of Cash Flows

	Starlight Provisional \$m	ABCMS Provisional \$m	All American Provisional \$m	Total Provisional \$m
Initial cash consideration	56.7	23.5	1.2	81.4
Deferred purchase consideration paid into escrow ¹	-	3.0	0.3	3.3
Working capital adjustment ²	-	(0.1)	-	(0.1)
Cash and cash equivalents acquired	-	(0.2)	-	(0.2)
Net cash outflow from acquisitions, net of cash acquired	56.7	26.2	1.5	84.4

1. \$3.0 million for the acquisition of ABCMS and \$0.3 million for the acquisition of All American was paid on closing into escrow as security and indemnity by the sellers for their obligations under the Merger Agreements. The escrow amounts are expected to be released within 2 years of the respective acquisition dates, subject to terms specified in the Merger Agreements.

2. This is the Group's calculation of the working capital adjustment and forms part of the initial consideration. The final amount was determined in accordance with the terms of the Merger Agreement and was finalised and paid by the reporting date.

The fair values of the assets acquired and liabilities assumed are provisional at 31 December 2023. The Group will finalise these amounts as it obtains the information necessary to complete the measurement process. Any changes resulting from facts and circumstances that existed as of the acquisition dates may result in retrospective adjustments to the provisional amounts recognised at the acquisition date. The Group will finalise these amounts no later than one year from the acquisition dates.

The provisional fair value of trade and other receivables amounted to \$0.8 million, with a gross contractual amount of \$0.9 million. At the acquisition date, the Group's best estimate of the contractual cash flows expected not be collected amounted to \$0.1 million.

The goodwill recorded, which is not deductible for tax purposes, represents the cost savings, operating synergies and future growth opportunities expected to result from combining the operations of the acquisitions with those of the Group.

The Starlight acquisition is included in the Advanced Wound Care CGU group, whilst ABCMS and AAMS are included in the Continence Care CGU group.

Acquisition-related costs

The Group incurred \$6.2 million of acquisition-related costs directly related to the acquisitions completed or aborted in the year ended 31 December 2023, primarily in respect of legal and advisers' fees. The acquisition-related costs have been recognised in general and administrative expenses in the Consolidated Income Statement.

Revenue and profit

As Starlight is in a pre-commercial state, there is no revenue to date. The loss for the period from the acquisition date to 31 December 2023 was \$2.5 million, before recognising acquisition-related intangible asset amortisation charges of \$6.0 million. If the acquisition had been completed at 1 January 2023, reported Group revenue would have remained unchanged and the Group profit for the period would have been \$0.6 million lower for the year ended 31 December 2023, before recognising acquisition-related intangible asset amortisation additional charges of \$6.0 million.

The revenue of ABCMS for the period from the acquisition date to 31 December 2023 was \$3.5 million and net profit for the period was \$1.6 million, before recognising acquisition-related intangible asset amortisation charges of \$0.7 million. If the acquisition had been completed on 1 January 2023, reported Group revenue would have been \$4.3 million higher and Group profit for the year would have been \$0.8 million higher, before recognising acquisition-related intangible asset amortisation charges of \$0.7 million.

The revenue of AAMS for the period from the acquisition date to 31 December 2023 was \$0.9 million and net profit for the period was \$0.4 million. No intangible assets were identified during the purchase price allocation therefore there is no acquisition-related intangible asset amortisation charge. If the acquisition had been completed at 1 January 2023, reported Group revenue would have been \$0.7 million higher and net profit would have remained unchanged.

Fair value of contingent consideration at reporting date

Contingent consideration arising on business combinations is classified as a recurring fair value measurement within Level 3 of the fair value hierarchy, in line with IFRS 13, *Fair Value Measurements*. Key unobservable inputs in respect of the Group's acquisitions include actual results, management forecasts and an appropriate discount rate.

As at 31 December 2023, the discounted fair value of the contingent consideration payable in respect of the Group's acquisitions was \$138.0 million (2022: \$140.0 million).

Management has determined that the potential range of undiscounted outcomes at 31 December 2023 is between \$52.4 million and \$265.4 million, from a maximum undiscounted amount of \$354.2 million.

The table below shows an indicative basis of the sensitivity to the income statement and balance sheet at 31 December 2023.

	Sales forecast				Discount rate			
	5%	10%	-5%	-10%	1%	2%	-1%	-2%
Increase/(decrease) in financial liability and loss/(gain) in income statement	8.3	16.9	(8.3)	(16.5)	(2.3)	(4.4)	2.4	5.0

27. COMMITMENTS AND CONTINGENCIES

Commitments represent the Group's future capital expenditure which is not recognised as a liability in the Consolidated Financial Statements but represents a non-cancellable commitment.

A contingent liability is a possible liability that is not sufficiently certain to qualify for recognition as a provision because the amount cannot be measured reliably or because settlement is not considered probable.

Capital commitments

At 31 December 2023, the Group had non-cancellable commitments for the purchase of property, plant and equipment, capitalised software and development of \$22.3 million (2022: \$39.3 million).

Contingent liabilities

Other than as disclosed elsewhere in these financial statements, there were no contingent liabilities recognised as at 31 December 2023 and 31 December 2022.

Notes to the consolidated financial statements continued

28. RELATED PARTY TRANSACTIONS

The Directors have not identified any related parties to the Group, other than the key management personnel. The Group considers key management personnel as defined in IAS 24, Related Party Disclosures to be the members of CELT as set out on pages 98 to 99 and the Non-Executive Directors as set out on pages 96 to 97.

Key management personnel compensation

Key management personnel compensation for the year ended 31 December was as follows:

	2023 \$m	2022 \$m
Short-term employee benefits	15.5	16.4
Share-based payment expense	7.1	9.2
Post-employment benefits	0.5	0.8
Termination benefits	–	0.4
Total	23.1	26.8

Further details of short-term employee benefits, share-based payment expense and post-employment benefits for the Executive Directors are shown on page 125. Details of the Non-Executive Directors' fees, included in the table above, are provided on page 128.

The Group has not been a party to any other material transaction, or proposed transactions, in which any member of the key management personnel had or was to have a direct or indirect material interest.

29. SUBSEQUENT EVENTS

The Group has evaluated subsequent events through to 5 March 2024, the date the Consolidated Financial Statements were approved by the Board of Directors.

On 5 March 2024, the Board proposed the final dividend in respect of 2023 subject to shareholder approval at the Annual General Meeting on 16 May 2024, to be distributed on 23 May 2024. See Note 18 – Dividends to the Consolidated Financial Statements for further details.

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONVATEC GROUP PLC

Report on the audit of the Financial Statements

1. Opinion

In our opinion:

- the Financial Statements of Convatec Group Plc (the 'Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements which comprise:

- the Consolidated Income Statement;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated and Company Statements of Financial Position;
- the Consolidated and Company Statements of Changes in Equity;
- the Consolidated Statement of Cash Flows;
- the related Notes 1 to 29 of the Consolidated Financial Statements and Notes 1 to 10 of the Company Financial Statements.

The financial reporting framework that has been applied in the preparation of the Group Financial Statements is applicable law and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the Company Financial Statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the Financial Statements section of our report.

We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and Company for the year are disclosed in Note 3.3 to the Group Financial Statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: – Revenue recognition in key markets; – Valuation of contingent consideration provisions; and – Acquisition of Starlight Science Limited. The following were identified as key audit matters in 2022, that we no longer consider key audit matters in the current year: (i) acquisition of Triad Life Sciences Inc and (ii) accounting for the exit of hospital care and related industrial sales activities. Within this report, key audit matters are identified as follows:  Newly identified  Increased level of risk  Similar level of risk  Decreased level of risk
Materiality	The materiality that we used for the Group Financial Statements was \$10.8m which was determined based on profit before tax adjusted for certain items.
Scoping	Combined, we performed audit procedures across 23 components in 13 countries accounting for 80% of revenue, 91% of profit before tax and 83% of net assets.
Significant changes in our approach	In addition to changes in key audit matters discussed above, our audit approach for 2023 changed to test and place reliance on relevant controls in certain centralised business processes.

4. Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

Our evaluation of the Directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of the Directors' process for determining the appropriateness of the use of the going concern basis;
- Assessing the availability of financing facilities including nature of facilities, repayment terms and covenants;
- Testing the accuracy of management's models, including agreement to the most recent Board-approved budgets and forecasts;
- Challenging the key assumptions used in these forecasts by determining whether there was adequate support for the assumptions, including consideration of ongoing global macroeconomic uncertainty;
- Assessing the historical accuracy of forecasts prepared by management;
- Evaluating sensitivity analysis and its impact on available financial headroom; and
- Assessing the appropriateness of the disclosures within the Financial Statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Company's ability to continue as a going concern for a period of at least 12 months from when the Financial Statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' Statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Independent auditor's report continued

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Revenue recognition in key markets

Key audit matter description	The Group recorded revenue of \$2,142.4m for the year ended 31 December 2023 (31 December 2022: \$2,072.5m) under IFRS 15: <i>Revenue from contracts with customers</i>. As disclosed in Note 2.1 to the Group Financial Statements, the Group's policy is to recognise revenue when control over a product has transferred, generally on delivery, to a customer, distributor or wholesaler. The Group measures revenue for goods sold based on the consideration specified in a contract with a customer, net of discounts, rebates, chargeback allowances and sales-related taxes. Further information is included in the geographic segment information in Note 2.2. For certain sales of new and recently launched products to individual doctors, medical centres and hospitals, there is judgement in estimating the transaction price due to: – Uncertainties over the payment and timing of the customers' insurance reimbursements; and – The limited established market practice and customer payment history. As the audit of revenue is one of the key determinants of our overall audit strategy requiring significant allocation of audit resources, revenue recognition has been included as a key audit matter. The Audit and Risk Committee includes its assessment of this matter on page 113.
How the scope of our audit responded to the key audit matter	We performed the following procedures: – We completed walkthroughs of the revenue cycle to gain an understanding of the end-to-end revenue processes and to evaluate relevant controls across the Group; – We tested the general IT controls and relevant automated business controls in the main financial reporting system used by the Group; – We evaluated the accounting policy for revenue with new customers against the requirements of IFRS 15; – We assessed the relevance and reliability of the underlying data used in determining the transaction price for certain contracts with customers for new and recently launched products; – We performed analytical procedures to assess the relationship between revenue, receivables and cash collections for new and recently launched products; – We performed analytical reviews to identify potentially unusual sales trends and obtained an explanation for any such movements; – We held direct enquiries with category and geographic market leaders, assessing changes in customer demand and new product introductions that might impact sales patterns; – We performed detailed transaction testing on a sample basis, agreeing sales through to invoice, final sales contracts and delivery notes; – We reviewed a sample of distributor contracts to assess the terms of sale and to support recalculation of rebates and chargebacks associated with the revenue; and – We assessed whether the disclosures within the annual report and accounts are in compliance with the requirements of IFRS 15.
Key observations	We are satisfied that revenue recognised across key markets and the disclosures made are appropriate.

5.2. Valuation of contingent consideration provisions

Key audit matter description	The Group has completed a number of significant acquisitions in the current and prior years, which resulted in the recognition of material contingent consideration provisions, which are a key source of estimation uncertainty. Contingent consideration provisions of \$138.0m (31 December 2022: \$140.0m) comprise of various elements including milestone-based payments due upon regulatory clearances of early-stage products; future revenue performance and revenue-based royalty payments. There is a level of judgement associated with evaluating the ability and likelihood of achieving underlying conditions of milestone payments given the complexity of the regulatory approval process, the estimation of future revenues for early-stage products and the determination of the best estimate of the timing of settlement of these obligations. The valuation of contingent consideration has been disclosed as a key source of estimation uncertainty within Note 1.4 to the Group Financial Statements. The Audit and Risk Committee includes its assessment of this matter on page 112.
How the scope of our audit responded to the key audit matter	We performed the following procedures: – We obtained an understanding of the relevant controls over the determination of contingent consideration provisions; – We reviewed the terms of purchase agreements relevant to the determination of contingent consideration provisions and made direct enquiries of the Group's legal counsel to understand any significant terms; – We challenged the assumptions underpinning the contingent consideration provisions, including revenue projections, with reference to available market data, historical performance where available and consistency with other accounting judgements; – We made direct inquiries of the Group's Research and Development function to understand the latest status in relation to the expected timing of regulatory approvals which determine milestone payment obligations; – With involvement of our valuation experts, we evaluated applied discount rates; – We performed sensitivity analysis over the potential outcomes; and – We evaluated the appropriateness of the disclosures in the Financial Statements including the disclosure as a key source of estimation uncertainty.
Key observations	We are satisfied the assumptions used in the valuation of contingent consideration provisions at the year-end are reasonable and within an acceptable range and reasonable. We consider the disclosures in relation to the range of possible outcomes to be appropriate.

5.3. Acquisition of Starlight Science Limited

Key audit matter description	In April 2023, the Group completed the acquisition of Starlight Science Limited ("Starlight") for a consideration of \$123.4m, including deferred and contingent consideration of \$66.7m. The acquisition resulted in the recognition of identifiable product related intangible assets of \$112.5m and goodwill of \$23.0m. The key audit matter relates to key judgements in the acquisition accounting, including: – The valuation of intangible assets identified and resulting goodwill. Management used a third-party expert to assist with the valuation of the acquired intangibles balance; and – The valuation of contingent consideration payable. Starlight was acquired in its pre-commercial stage and as such is early in its business lifecycle. The valuation of contingent consideration payable at 31 December 2023 has been evaluated within the Key Audit Matter above (5.2). Full details in relation to the acquisition accounting are included within Note 26. The Audit and Risk Committee include their assessment of this matter on page 112.
How the scope of our audit responded to the key audit matter	We performed the following procedures: – We obtained an understanding of the relevant controls over the acquisition accounting, including the determination of contingent consideration and the fair valuation of intangible assets arising on acquisition; – We assessed the significant terms of the acquisition within the purchase agreement; – We evaluated management's accounting for the transaction in accordance with IFRS 3 <i>Business Combinations</i>; – We assessed the competence, capability, and objectivity of management's expert; – With involvement of our valuation experts, we evaluated management's assumptions and the appropriateness and application of the valuation methodology included in management's expert's report; and – We evaluated the appropriateness of disclosures in the Financial Statements.
Key observations	We conclude the acquisition to be appropriately recognised. We consider the disclosures in relation to the acquisition to be appropriate.

Independent auditor's report continued

6. Our application of materiality

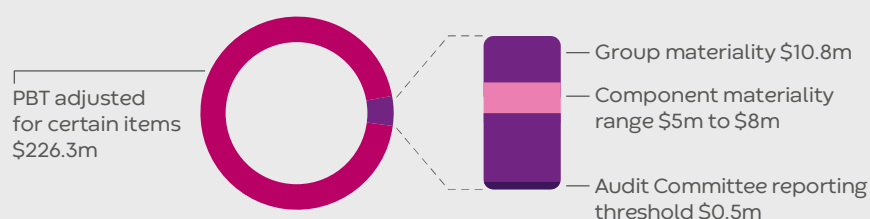
6.1. Materiality

We define materiality as the magnitude of misstatement in the Financial Statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

	Group Financial Statements	Company Financial Statements
Materiality	\$10.8m (2022: \$9.8m)	\$5.5m (2022: \$5.9m)
Basis for determining materiality	4.8% (2022: 4.8%) of profit before tax adjusted for certain items totalling \$60.5m which include acquisition and divestiture costs, termination benefits and restructuring costs.	The Company materiality equates to 0.1% (2022: 0.2%) of net assets.
Rationale for the benchmark applied	In determining our materiality benchmark, we considered the focus of the users of the Financial Statements. Profit before tax is the base from which key performance measures are calculated as well as key metrics used in providing trading updates. We have adjusted profit before tax for certain items as summarised above.	In determining our materiality, we considered net assets as the appropriate benchmark given the Company is primarily a holding company for the Group.

PBT adjusted for certain items



- PBT adjusted for certain items
- Group materiality

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the Financial Statements as a whole.

	Group Financial Statements	Company Financial Statements
Performance materiality	70% (2022: 70%) of Group materiality	70% (2022: 70%) of Company materiality
Basis and rationale for determining performance materiality	We set performance materiality at a level that we consider normal for the audit of public companies. In determining performance materiality, we considered the following factors: - our risk assessment, including our understanding of the entity and its overall control environment; - the quality of the control environment and control reliance adopted over certain business processes and IT systems; - the disaggregated nature of the Group and the likelihood of an individually material error; and - our cumulative experience from prior year audits and level of corrected and uncorrected misstatements identified.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of \$0.5m (2022: \$0.5m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our Group audit was scoped on an entity level basis, assessing components against the risk of material misstatement at the Group level. We have also considered the quantum of Financial Statement balances and individual financial transactions of a significant nature. In performing our assessment, we have considered the geographical spread of the Group and any risks presented within each region.

Based on this assessment, we focused our work on 13 (2022: 13) components covering six (2022: seven) countries, 69% (2022: 70%) of revenue, 79% (2022: 83%) of profit before tax and 68% (2022: 74%) of net assets. All 13 (2022: 13) components were subject to a full scope audit. The 13 (2022: 13) components are in the US, UK, Denmark, Germany, Italy and France, which include the principal operating units of the Group.

In addition, we have performed specified audit procedures in 10 (2022: 10) components covering nine (2022: nine) countries, 11% (2022: 12%) of revenue, 12% (2022: 5%) of profit before tax, and 15% (2022: 7%) of net assets. The 10 (2022: 10) components are located in: the US, UK, Switzerland, Spain, Canada, Brazil, the Dominican Republic, Slovakia and Australia.

In carrying out our work, we responded to management's continued progress in centralising finance processes in the GBS centre in Portugal. We centrally determined the scope of the audit procedures executed by component audit teams and at the GBS centre.

Revenue



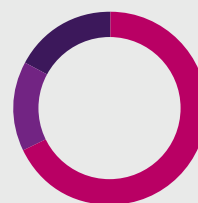
- Full audit scope 69%
- Specified audit procedures 11%
- Review at group level 20%

Profit before tax



- Full audit scope 79%
- Specified audit procedures 12%
- Review at group level 9%

Net assets



- Full audit scope 68%
- Specified audit procedures 15%
- Review at group level 17%

7.2. Our consideration of the control environment

We obtained an understanding of the relevant internal controls over the financial reporting process for our audit risk assessment. As the Group's transformation and standardisation of processes and controls has continued, we have placed greater reliance on financial controls. For relevant centralised business processes within the GBS centre in Portugal, we tested and placed reliance on relevant controls, including automated controls which directly address audit risks of misstatement. Within other components, we have obtained an understanding of relevant controls.

We identified IT systems relevant to the audit of the Group and obtained an understanding of relevant IT controls. For some operating companies, including the main financial reporting IT environment in the GBS centre in Portugal, we tested the general IT controls with the involvement of our IT specialists.

7.3. Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the Group's business and its Financial Statements. The Group has reassessed the risk and opportunities relevant to climate change and maintained the Environment

& Communities risk as a principal risk across the Group. This risk grading has been maintained at the same level as the prior year and has been considered and embedded into the business as explained in the Strategic Report.

As a part of our audit procedures, we have reviewed the Group's environment related risk assessment and held discussions with the Audit and Risk Committee to understand the process of identifying climate-related risks, the determination of mitigating actions and the impact on the Group's Financial Statements. While management has acknowledged that the transition and physical risks posed by climate change have the potential to impact the medium to long-term success of the business, they have assessed that there is no material impact arising from climate change on the judgements and estimates made in the Group Financial Statements as at 31 December 2023 as explained in Note 1.3 on page 153.

We performed our own qualitative risk assessment of the potential impact of climate change on the Group's account balances and classes of transactions and did not identify any additional risks of material misstatement. Our procedures include reviewing disclosures included in the Strategic Report to consider whether they are materially consistent with the

Financial Statements and our knowledge obtained in the audit.

7.4. Working with other auditors

As part of our oversight of the component teams, planning meetings were held with all component auditors. The purpose of these planning meetings was to determine whether the component teams had sufficient understanding of the Group's businesses, its core strategy and significant risks.

We issued our component teams detailed instructions, included them in our team briefings and discussed their risk assessment. We also provided direction in response to enquiries made by the component auditors. All the findings observed were discussed with the component auditors in detail and instructions to perform further procedures were issued where relevant.

We visited local operations in Denmark, the US, Slovakia, GBS Portugal and the UK. Considering the importance of GBS Portugal to the Group Financial Statements, and the evolution of the audit strategy to greater testing of and reliance on financial controls in certain global processes, we maintained frequent interactions with management and component teams during the planning and audit execution stages.

Independent auditor's report continued

8. Other information

The other information comprises the information included in the annual report, other than the Financial Statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the Directors are responsible for assessing the Group's and 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 unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

10. 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 (UK) 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.

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error that was approved by the Board;
- results of our enquiries of management, internal audit, the Directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;

- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including tax, valuations, IT and forensics specialists regarding how and where fraud might occur in the Financial Statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in certain elements of revenue recognition and the valuation of contingent consideration provisions. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the Financial Statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the Financial Statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Food and Drug Administration ("FDA") regulations and the Medical Devices Regulations ("MDR").

11.2. Audit response to risks identified

As a result of performing the above, we identified revenue recognition in key markets and the valuation of contingent consideration provisions as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the Financial Statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the Financial Statements;
- enquiring of management, the Audit Committee and both in-house and external legal counsel concerning actual and potential litigation and claims;

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with tax authorities in jurisdictions in which the Group operates; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the Directors' Statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements and our knowledge obtained during the audit:

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 152;
- the Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 86;
- the Directors' statement on fair, balanced and understandable set out on page 111;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 76;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 105; and
- the section describing the work of the Audit Committee set out on page 100.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company Financial Statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the Directors on 12 December 2016 to audit the Financial Statements for the year ending 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 8 years, covering the years ending 31 December 2016 to 31 December 2023.

15.2. Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these Financial Statements form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

Claire Faulkner, FCA
(Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
5 March 2024

INDEX TO THE FINANCIAL STATEMENTS

INDEX TO THE 2022 CONDENSED CONSOLIDATED INCOME STATEMENT

Consolidated financial statements of Convatec Group plc, as at and for the financial year ended 31 December 2022 which includes the comparative restated figures for the financial year ended 31 December 2021

Consolidated Income Statement	F - 130
Consolidated Statement of Comprehensive Income	F - 130
Consolidated Statement of Financial Position	F - 131
Consolidated Statement of Changes in Equity	F - 132
Consolidated Statement of Cash Flows	F - 133
Notes to the Consolidated Financial Statements	F - 134
Independent Auditor's Report	F - 180

Consolidated Financial Statements

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

	Notes	2022 \$m	2021 \$m
Revenue	2	2,072.5	2,038.3
Cost of sales		(968.6)	(915.2)
Gross profit		1,103.9	1,123.1
Selling and distribution expenses		(575.9)	(539.7)
General and administrative expenses		(214.9)	(285.3)
Research and development expenses		(92.0)	(94.5)
Other operating expenses	4	(13.8)	-
Operating profit	3	207.3	203.6
Finance income	25	5.5	0.8
Finance expense	25	(73.2)	(44.3)
Non-operating expense, net	5	(57.7)	(8.8)
Profit before income taxes		81.9	151.3
Income tax expense	6	(19.0)	(33.7)
Net profit		62.9	117.6
Earnings per share			
Basic earnings per share (cents per share)	7	3.1¢	5.9¢
Diluted earnings per share (cents per share)	7	3.1¢	5.8¢

The accounting policies and notes on pages 172 to 217 form an integral part of the Consolidated Financial Statements. All amounts are attributable to shareholders of the Group and wholly derived from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 \$m	2021 \$m
Net profit		62.9	117.6
Other comprehensive (expense)/income			
Items that will not be reclassified subsequently to the Consolidated Income Statement			
Remeasurement of defined benefit pension plans, net of tax	15	8.4	3.3
Change in pension asset restriction	15	-	1.3
Items that may be reclassified subsequently to the Consolidated Income Statement			
Foreign currency translation, net of tax		(113.6)	(29.6)
Realisation of cumulative translation adjustments	27	12.2	-
Effective portion of changes in fair value of cash flow hedges	23	(7.7)	(5.1)
Changes in fair value of cash flow hedges reclassified to the Consolidated Income Statement	23	16.5	5.7
Costs of hedging	23	(1.1)	(0.4)
Income tax in respect of items that may be reclassified		2.4	(0.9)
Other comprehensive expense		(82.9)	(25.7)
Total comprehensive (expense)/income		(20.0)	91.9

All amounts are attributable to shareholders of the Group and wholly derived from continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 \$m	2021 \$m
Assets			
Non-current assets			
Property, plant and equipment	8	400.4	366.7
Right-of-use assets	24	79.4	83.6
Intangible assets and goodwill	9	2,149.5	2,058.5
Investment in financial assets	10	30.7	-
Deferred tax assets	6	26.6	28.9
Derivative financial assets	23	0.2	-
Restricted cash	22	7.3	13.6
Other non-current receivables	12	8.6	11.9
		2,702.7	2,563.2
Current assets			
Inventories	11	336.9	308.8
Trade and other receivables	12	364.0	323.5
Derivative financial assets	23	26.4	15.1
Restricted cash	22	18.2	-
Cash and cash equivalents	22	143.8	463.4
		889.3	1,110.8
Total assets		3,592.0	3,674.0
Equity and liabilities			
Current liabilities			
Trade and other payables	13	346.6	342.5
Borrowings	21	-	144.8
Lease liabilities	24	20.3	19.7
Current tax payable		33.5	45.5
Derivative financial liabilities	23	32.5	11.7
Provisions	14	100.2	5.0
		533.1	569.2
Non-current liabilities			
Borrowings	21	1,211.9	1,199.8
Lease liabilities	24	68.0	70.8
Deferred tax liabilities	6	83.2	87.2
Provisions	14	53.1	1.7
Derivative financial liabilities	23	0.3	2.9
Other non-current liabilities	13	32.7	47.6
		1,449.2	1,410.0
Total liabilities		1,982.3	1,979.2
Net assets		1,609.7	1,694.8
Equity			
Share capital	17	250.7	247.0
Share premium	17	165.7	142.3
Own shares	17	(1.5)	(2.2)
Retained deficit		(892.2)	(842.0)
Merger reserve		2,098.9	2,098.9
Cumulative translation reserve		(177.1)	(75.7)
Other reserves	17	165.2	126.5
Total equity		1,609.7	1,694.8
Total equity and liabilities		3,592.0	3,674.0

The Consolidated Financial Statements of Convatec Group Plc, company number 10361298, were approved by the Board of Directors and authorised for issue on 8 March 2023 and signed on its behalf by:

Jonny Mason
Chief Financial Officer

Karim Bitar
Chief Executive Officer

Consolidated Financial Statements continued

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Notes	Share capital \$m	Share premium \$m	Own shares \$m	Retained deficit \$m	Merger reserve \$m	Cumulative translation reserve \$m	Other reserves \$m	Total \$m
At 1 January 2021		245.5	115.3	(6.7)	(845.3)	2,098.9	(46.1)	109.1	1,670.7
Net profit		-	-	-	117.6	-	-	-	117.6
Other comprehensive income:									
Foreign currency translation adjustment, net of tax		-	-	-	-	-	(29.6)	-	(29.6)
Remeasurement of defined benefit pension plans, net of tax	15	-	-	-	-	-	-	3.3	3.3
Change in pension asset restriction	15	-	-	-	-	-	-	1.3	1.3
Changes in fair value of cash flow hedges, net of tax		-	-	-	-	-	-	(0.7)	(0.7)
Other comprehensive (expense)/income		-	-	-	-	-	(29.6)	3.9	(25.7)
Total comprehensive income		-	-	-	117.6	-	(29.6)	3.9	91.9
Dividends paid	18	-	-	-	(85.8)	-	-	-	(85.8)
Scrip dividend	17, 18	1.5	27.0	-	(28.5)	-	-	-	-
Share-based payments	19	-	-	-	-	-	-	16.4	16.4
Share awards vested		-	-	4.5	-	-	-	(3.5)	1.0
Excess deferred tax benefit from share-based payments		-	-	-	-	-	-	0.6	0.6
At 31 December 2021		247.0	142.3	(2.2)	(842.0)	2,098.9	(75.7)	126.5	1,694.8
Net profit		-	-	-	62.9	-	-	-	62.9
Other comprehensive (expense)/income:									
Foreign currency translation adjustment, net of tax		-	-	-	-	-	(113.6)	-	(113.6)
Realisation of cumulative translation adjustments	5, 27	-	-	-	-	-	12.2	-	12.2
Remeasurement of defined benefit pension plans, net of tax	15	-	-	-	-	-	-	8.4	8.4
Changes in fair value of cash flow hedges, net of tax		-	-	-	-	-	-	10.1	10.1
Other comprehensive (expense)/income		-	-	-	-	-	(101.4)	18.5	(82.9)
Total comprehensive income/(expense)		-	-	-	62.9	-	(101.4)	18.5	(20.0)
Dividends paid	18	-	-	-	(88.1)	-	-	-	(88.1)
Scrip dividend	17, 18	1.1	23.4	-	(24.5)	-	-	-	-
Allotment of shares to Employee Benefit Trust	17	2.6	-	(2.6)	-	-	-	-	-
Share-based payments	19	-	-	-	-	-	-	16.6	16.6
Share awards vested		-	-	3.3	-	-	-	2.9	6.2
Excess deferred tax benefit from share-based payments		-	-	-	-	-	-	0.2	0.2
Transfer between reserves		-	-	-	(0.5)	-	-	0.5	-
At 31 December 2022		250.7	165.7	(1.5)	(892.2)	2,098.9	(177.1)	165.2	1,609.7

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	2022 \$m	2021 \$m
Cash flows from operating activities			
Net profit		62.9	117.6
Adjustments for			
Depreciation of property, plant and equipment	8	39.7	40.6
Depreciation of right-of-use assets	24	22.1	22.8
Amortisation of intangible assets	9	147.4	147.2
Income tax	6	19.0	33.7
Non-operating expense, net	5	56.0	4.5
Finance costs, net	25	67.7	43.5
Share-based payments	19	16.7	16.4
Impairment/write-off of intangible assets	3	6.3	2.9
Impairment/write-off of property, plant and equipment	3	9.2	3.0
Change in assets and liabilities:			
Inventories		(36.3)	(19.6)
Trade and other receivables		(63.6)	(29.4)
Other non-current receivables		3.0	1.1
Restricted cash		(11.8)	(8.4)
Trade and other payables		40.7	10.7
Other non-current payables		5.5	14.0
Net cash generated from operations		384.5	400.6
Interest received		5.5	0.8
Interest paid		(55.4)	(36.3)
Income taxes paid		(52.9)	(59.2)
Net cash generated from operating activities		281.7	305.9
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets	8, 9	(144.2)	(94.1)
Acquisitions, net of cash acquired	26	(123.3)	(113.8)
Payment of contingent consideration arising from acquisitions	26	(50.0)	-
Net cash (outflow)/inflow arising from divestitures		(0.1)	1.4
Investment in financial assets	10	(30.7)	-
Net cash used in investing activities		(348.3)	(206.5)
Cash flows from financing activities			
Repayment of borrowings	21	(842.5)	(583.9)
Proceeds from borrowings	21	714.2	491.8
Payment of lease liabilities	24	(20.7)	(22.0)
Dividends paid	18	(88.1)	(85.8)
Net cash used in financing activities		(237.1)	(199.9)
Net change in cash and cash equivalents		(303.7)	(100.5)
Cash and cash equivalents at beginning of the year	22	463.4	565.4
Effect of exchange rate changes on cash and cash equivalents		(15.9)	(1.5)
Cash and cash equivalents at end of the year	22	143.8	463.4

Notes to the Consolidated Financial Statements

1. BASIS OF PREPARATION

This section describes the Group's significant accounting policies that relate to the Consolidated Financial Statements and explains critical accounting judgements and estimates that management has identified as having a potentially material impact to the Group. Specific accounting policies relating to the Notes to the Consolidated Financial Statements are described within that note.

1.1 General information

Convatec Group Plc (the Company) is a public limited company incorporated in the United Kingdom under the Companies Act of 2006. The Company's registered office is 3 Forbury Place, 23 Forbury Road, Reading RG1 3JH, United Kingdom.

The Consolidated Financial Statements have been prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The Consolidated Financial Statements are presented in US dollars (USD), reflecting the profile of the Company and its subsidiaries (collectively, the Group) revenue and operating profit, which are primarily generated in US dollars and US dollar-linked currencies. All values are rounded to \$0.1 million except where otherwise indicated.

Pages 2 and 3 in the Strategic report provide further detail of the Group's principal activities and nature of its operations.

1.2 Significant accounting policies

The following significant accounting policies apply to the Consolidated Financial Statements as a whole:

Basis of accounting and presentation

The consolidated financial information has been prepared on a historical cost basis, except for certain financial instruments where fair value has been applied. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Basis of consolidation

The Consolidated Financial Statements include the results of the Company and all its subsidiary undertakings. Subsidiaries are entities controlled by the Group. Control exists when the Group: (i) has power over the investee; (ii) is exposed, or has rights, to variable returns from its involvement in the investee; and (iii) has the ability to use its power to affect its returns. The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The consolidated financial information of the Company's subsidiaries is included within the Group's Consolidated Financial Statements from the date that control commences until the date that control ceases and is prepared for the same year-end date using consistent accounting policies.

Going concern

As discussed in the Financial review on pages 30 to 38, the overall financial performance of the business remains strong with a robust liquidity position.

As at 31 December 2022, the Group held cash and cash equivalents of \$143.8 million (31 December 2021: \$463.4 million), and borrowings of \$1,211.9 million (31 December 2021: \$1,344.6 million). During the year, the Group refinanced its bank facilities with \$1.2 billion committed for five years at the appropriate reference rate plus margins of 1.75% and 2.00% for the multicurrency revolving credit facility and the term loan facility respectively. The new credit facility of \$1.2 billion comprises a \$250.0 million term loan and a \$950.0 million multicurrency revolving facility. The borrowings as at 31 December 2022 comprised senior notes of \$500.0 million, term loan of \$250.0 million, and multicurrency revolving credit facilities of \$477.2 million, net of unamortised financing fees of \$15.3 million. The senior notes are repayable in 2029 and the term loan and multicurrency revolving credit facilities are repayable in 2027. \$472.8 million of the multicurrency revolving credit facilities remained undrawn as at 31 December 2022, which together with cash and cash equivalents of \$143.8 million, provided the Group with total liquidity of \$616.6 million as at that date (2021: \$663.4 million). The principal financial covenants remained unchanged and as at 31 December 2022, the Group was in compliance with its financial covenants.

In preparing their assessment of going concern, the Directors have considered available cash resources, financial performance and forecast performance, including strategy delivery, together with the Group's financial covenant compliance requirements and principal risks and uncertainties. The Directors have used cash flow forecasts derived from actual performance in 2022, the Board approved 2023 budget and longer-term strategic plan as foundations. The forecasts reflected the full potential funding requirements in relation to the remaining estimated contingent consideration payable in relation to the Triad Life Sciences and Cure Medical acquisitions, and the impact of exiting hospital care and industrial sales activities. The Directors have considered a going concern period to 31 December 2024, which is at least 21 months from the date of approval of the Consolidated Financial Statements.

In accordance with FRC guidance, management applied severe but plausible downside scenarios linked to the Group's principal and emerging risks, including supply chain disruption, cyber security disruption, significant regulatory breaches, financial market distress and geopolitical events and sanctions to a key global market. Further details of the specific scenarios are provided in the Viability statement on page 99. The Board has reviewed these scenarios as part of the going concern assessment and has concluded that these scenarios are in line with the Group's principal and emerging risks and continue to reflect the financial risk of severe but plausible downside events and circumstances during the going concern period. Under each scenario, the Group is forecast to retain significant liquidity and covenant headroom throughout the going concern period.

The Group has carried out reverse stress test against the forecast base case to determine the performance levels that would result in a breach of covenants. For a breach of covenants to occur in the next 12 months, before mitigation, the Group would need to experience a sustained revenue reduction of more than 10% across all categories and markets. This was considered to be implausible given the Group's strong global market position and diversified portfolio of products and the mitigations available to the Board and management, which include minimising capital expenditure to critical requirements and reducing levels of discretionary spend.

Accordingly, at the time of approving these Consolidated Financial Statements, the Directors have a reasonable expectation that the Group and the Company will have adequate liquid resources to meet their respective liabilities as they become due and will be able to sustain its business model, strategy and operations and remain solvent for a period of at least 12 months from 8 March 2023.

Foreign currency translation and transactions

Assets and liabilities of subsidiaries whose functional currency is not US dollars are translated into US dollars at the rate of exchange at the period end. Income and expenses are translated into US dollars at the average rates of exchange prevailing during the year. Foreign currency gains and losses resulting from the translation of subsidiaries into US dollars are recognised in the Consolidated Statement of Comprehensive Income. Exchange differences arising from the translation of the net investment in foreign operations are taken to the cumulative translation reserve within equity. They are recycled and recognised in the Consolidated Income Statement upon disposal of the operation.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Any gain or loss arising from subsequent exchange rate movements is included as an exchange gain or loss in the Consolidated Income Statement.

1.3 Climate change

The Directors recognise the risk of climate change on the business and acknowledge that the Group must take appropriate action to mitigate and, where feasible, prevent further climate change impact. Accordingly, climate related risks are considered within the "Environment and Communities" principal risks and are discussed in greater detail in the "Principal risks" section within the Annual Report and Accounts.

Whilst the valuation of our assets and liabilities has not been materially impacted as at 31 December 2022, the Group will continue to monitor possible implications of climate related risks that could arise in future years on both future cash flows and the valuation of the Group's assets and liabilities, as Government policies and the Group's own strategy and transition plans evolve. Further detail is provided within the "Responsible business review - communities" and "TCFD disclosure" sections of the Annual Report and Accounts on pages 66 to 87.

1.4 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements, in conformity with adopted IFRS, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported value of assets and liabilities, income and expense. Actual results may differ from these estimates or judgements of likely outcome. Management regularly reviews, and revises as necessary, the accounting judgements that significantly impact the amounts recognised in the Consolidated Financial Statements and the sources of estimation uncertainty that are considered to be "key estimates" due to their potential to give rise to material adjustments in the Group's Consolidated Financial Statements within the next financial year.

Considerations for the identification of critical accounting judgements and key estimates

A detailed assessment was performed by management of the potential impact on each balance sheet caption and associated accounting estimates and judgements at each reporting date during the year. In preparing the Consolidated Financial Statements, no critical accounting judgements have been identified. A key estimate has been identified in relation to the valuation of the contingent consideration related to the acquisition of Triad Life Sciences Inc (Triad Life Sciences).

As detailed further in the Group's Audit and Risk Committee report on pages 126 to 138, the Committee has reviewed, discussed, and challenged management on identification and, where appropriate, the determination of its critical accounting judgements and key estimates.

Notes to the Consolidated Financial Statements continued

1. BASIS OF PREPARATION (CONTINUED)

Valuation of the contingent consideration in relation to the acquisition of Triad Life Sciences

The contingent consideration is based on both specified post-acquisition financial and non-financial performance targets as defined by the Merger Agreement. The contingent consideration is fair valued at the date of acquisition with key inputs including a weighted probability of different scenarios and revenue projections based on internal forecasts, discounted using an appropriate discount rate that reflects the relative risk of the investment as well as the time value of money.

Actual revenue results may differ from estimates, leading to a change in the fair value of the contingent consideration. Management has identified that reasonably possible changes in certain key assumptions and forecasts may cause the calculated fair value of the contingent consideration to vary materially within the next financial year. The maximum undiscounted contingent consideration payable under the Merger Agreement was \$325.0 million, of which \$50.0 million was paid during the year following successful attainment of the two short-term milestones. The estimated discounted fair value of the remaining contingent consideration payable as at 31 December 2022 was \$130.8 million.

Management has determined that the reasonable potential range of discounted outcomes within the next financial year is between \$85.2 million and \$230.8 million, compared to a maximum remaining undiscounted contingent consideration of \$275.0 million.

The timing and amount of future contingent elements of consideration is therefore considered a key source of estimation uncertainty. Refer to Note 26 – Acquisitions for more information.

1.5 Accounting standards

New standards, interpretations and amendments applied for the first time

On 1 January 2022, the Group adopted the following amendments which are mandatorily effective for the period beginning 1 January 2022:

- *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);*
- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);*
- *Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41);* and
- *References to Conceptual Framework (Amendments to IFRS 3).*

The adoption during the year of the amendments and interpretations has not had a material impact on the Consolidated Financial Statements.

Apart from these changes, the accounting policies set out in the Notes have been applied consistently to both years presented in these Consolidated Financial Statements.

New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2023:

- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);*
- *Definition of Accounting Estimates (Amendments to IAS 8);* and
- *Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).*

The following amendments are effective for the period beginning 1 January 2024:

- *IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback);*
- *IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current);* and
- *IAS 1 Presentation of Financial Statements (Amendment – Non-current liabilities with Covenants)*

The Group is currently assessing the impact of these new accounting standards and amendments and does not believe these will have a material impact on the Group.

Other interpretations and amendments

In addition to these issued standards, there are a number of other interpretations, amendments and annual improvement project recommendations that have been issued but not yet effective that have not yet been adopted by the Group because application is not yet mandatory, or they are not relevant for the Group.

- *IFRS 17 – Insurance contracts (effective from 1 January 2023)* is ultimately intended to replace IFRS 4. It sets out the requirements that a company should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. The Group believes that the adoption of IFRS 17 will not have a significant impact on the Consolidated Financial Statements.

RESULTS OF OPERATIONS

This section includes disclosures explaining the Group's performance for the year, including segmental information, operating costs, other expenses, taxation and earnings per share.

2. REVENUE AND SEGMENTAL INFORMATION

2.1 Revenue recognition

The Group sells a broad range of products to a wide range of customers, including healthcare providers, patients and manufacturers. This note provides further information about how the Group generates revenue and when it is recognised in the Consolidated Income Statement.

Accounting policy

Revenue recognition

The Group measures revenue for goods sold based on the consideration specified in a contract with a customer, net of discounts, chargeback allowances and sales-related taxes. Revenue is recognised when control over a product or service is transferred to a customer, distributor or wholesaler, which is generally when goods have been delivered, as most products are insured by the Group until delivery. Due to the short-term nature of the receivables from sale of goods, the Group measures them at the original transaction price without discounting. The transaction price is the amount the Group expects to receive at that date.

Nature of goods and services

Advanced Wound Care, Ostomy Care, Continence and Critical Care products are sold to pharmacies, hospitals and other acute and post-acute healthcare service providers directly or through distributors and wholesalers. Products are also sold directly to end customers (patients) through the Group's home services entities and a small number of clinical and retail outlets. Infusion Care primarily serves business-to-business customers, consisting principally of the leading insulin pump manufacturers. A small proportion of its revenue is derived from business-to-business urology product sales.

In 2022 and 2021, no single customer generated more than 10% of the Group's revenue.

Nature, timing of satisfaction of performance obligations

Principally, the Group's contracts with customers contain a single performance obligation, that is the delivery of products to customers. Revenue is typically recognised when the customer receives the product but is subject to the shipping terms in each individual contract. Where non-standard shipping arrangements exist, revenue is recognised when control of the goods has transferred. Allowances for returns, where the contract specifies these terms, are made at the point of sale.

For sales to distributors, revenue is recognised when title is transferred to the distributor and the distributor has assumed control, the timing of which depends on the contractual terms with each distributor. Chargeback allowances or contractual deductions relating to end-customer agreements, which may differ from distributor contracts, are made at the point of title transfer to the distributor. In certain European countries, rebates are provided to governments and are often mandated by laws or government regulations. These rebates are estimated based on government regulations and unbudgeted spending, laws and terms of individual rebate agreements, and are recorded as a deduction from revenue at the time the related revenue is recorded. The estimates are adjusted periodically to reflect actual experience.

When distributors buy products from the Group at a contract price and sell these products to end-customers at a price agreed with the Group that is lower than the distributors' list price, a chargeback may arise and a claim may be submitted to the Group by the distributor. The provision for chargebacks is based on expected sell-through levels by the Group's distributors to contracted customers, as well as estimated distributor inventory levels. Retrospective claims are reviewed against estimations to ensure provisions are regularly updated.

Volume discounts

The Group offers certain prospective volume discounts to customers who achieve a specified volume amount or value of purchases in any given year. Volume discounts that meet the definition of a material right are recognised as a separate performance obligation. Material rights are the option to purchase additional products at a discount which would not have been given had the contract not been entered into and are incremental to the range of discounts typically given for those goods to that class of customer.

The stand-alone selling price of these volume discounts is based on the discount that the customer would obtain when exercising the option, adjusted for any discount the customer could receive without exercising the option and the likelihood that the option will be exercised. The revenue allocated to volume discounts is short term in nature and recognised proportionally to the pattern of options exercised by the customer or when the option expires.

Notes to the Consolidated Financial Statements continued

2. REVENUE AND SEGMENTAL INFORMATION (CONTINUED)

Contract costs

Incremental costs in respect of obtaining a contract with a customer principally relate to commissions paid by the Group to its sales representatives. Such costs are capitalised as an asset to the extent that they directly relate to a specific contract, are used to generate or enhance resources used in satisfying performance obligations and are expected to be recovered.

The amortisation period for commissions can differ according to the contract term. Renewals of milestones in the contract are taken into account when determining the amortisation period. For each contract that has sales commissions paid, the Group has determined an appropriate amortisation period that is consistent with the transfer of control to the customer. These capitalised costs amounted to \$5.4 million (2021: \$5.6 million) at 31 December 2022 and the amount of related amortisation expense for the year ended 31 December 2022 was \$4.3 million (2021: \$3.6 million). There was no impairment loss in respect of the costs capitalised.

Contract balances

The Group recognises contract liabilities that are primarily in respect of advance consideration received from customers prior to transfer of the related products and material rights offered to customers for options to purchase additional goods. The contract liability balance at 31 December 2022 was \$1.3 million (2021: \$4.9 million).

2.2 Segment information

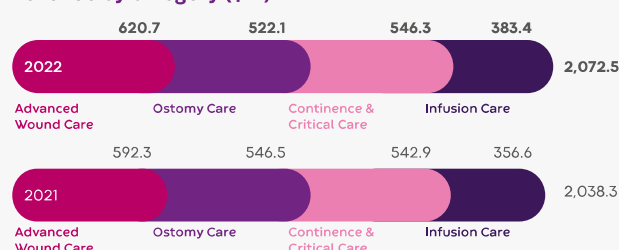
The Board considers the Group's business to be a single segment entity engaged in the development, manufacture and sale of medical products, services and technologies. R&D, manufacturing and central support functions are managed globally for the Group, supporting all categories of sales. Revenues are managed both on a category and regional basis. This note presents the performance and activities of the Group as a single segment.

Pages 22 to 29 of the Strategic report provide further detail of category revenue.

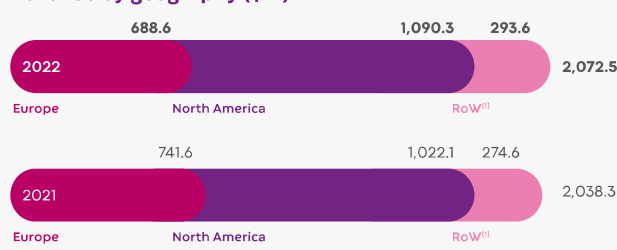
The Group's CEO, who is the Group's Chief Operating Decision Maker, evaluates the Group's global product portfolios on a revenue basis and evaluates profitability and associated investment on an enterprise-wide basis due to shared infrastructures and support functions between the categories and geographies. Financial information in respect of revenues provided to the CEO for decision-making purposes is made on both a category and geographic basis. Resources are allocated on a Group-wide basis, with a focus on key categories and the key markets. The allocations are based on the relative merits of the individual proposals across the Group.

Revenue by category

The Group generates revenue across four major product categories. The following chart sets out the Group's revenue for the year ended 31 December by category:

Revenue by category (\$m)**Geographic markets**

The following chart sets out the Group's revenue by geographic market in which third-party customers are located:

Revenue by geography (\$m)

1. Rest of World (RoW) comprises all countries in Asia-Pacific, Latin America (including Mexico and the Caribbean), South America, the Middle East (including Turkey) and Africa.

From 2023 onwards, Flexi-Seal™ (2022 revenue: \$65.8 million), our faecal management system, will move from Continence & Critical Care to Ostomy Care. The remaining industrial sales, predominantly continence-related supplies for B2B customers (2022 revenue: \$16.7 million) will move from Infusion Care into Continence Care. Going forward the Continence & Critical Care category will be renamed Continence Care.

Geographic regions

The following table sets out the Group's revenue on the basis of where the legal entity generating the revenue resides, including countries representing over 10% of Group revenue and the UK, where the Group is domiciled:

	2022 \$m	2021 \$m
Geographic regions		
US	749.8	704.1
UK	131.5	147.2
Denmark	371.7	346.8
Other ¹	819.5	840.2
	2,072.5	2,038.3

1. Other consists primarily of other countries in Europe, Asia-Pacific, Latin America and Canada.

The following table sets out the Group's long-lived assets by country in which the legal entity resides:

	2022 \$m	2021 \$m
Long-lived assets¹		
US	1,349.6	1,141.9
UK	695.7	777.8
Denmark	266.0	272.6
Other	318.0	316.5
Total long-lived assets	2,629.3	2,508.8

1. Long-lived assets consist of property, plant and equipment, right-of-use assets, intangible assets and goodwill.

3. OPERATING COSTS

The Group incurs operating costs associated with the day-to-day operation of the business. These operating costs are deducted from revenue to calculate operating profit.

3.1 Operating profit

Operating profit is stated after deducting from revenue:

	Notes	2022 \$m	2021 \$m
Depreciation:			
Property, plant and equipment	8	39.7	40.6
Right-of-use assets	24	22.1	22.8
Amortisation of intangible assets	9	147.4	147.2
Impairment/write-off of intangible assets	9	6.3	2.9
Impairment/write-off of property, plant and equipment	8	9.2	3.0
Loss on terminated leases	24	0.1	-
Amounts in respect of inventories included in cost of sales		818.3	766.7
Write-down of inventories ¹		22.6	6.4
Lease expenses ²	24	3.9	2.8
Staff costs:			
Wages and salaries		532.7	533.4
Share-based payment expense	19	16.7	16.4
Social security costs		67.5	64.2
Defined contribution plans post-employment costs		21.2	21.0
Defined benefit plans pension costs	15	1.7	3.6
Recruitment and other employment-related fees		8.7	11.5
Total staff costs		648.5	650.1

1. The write-down of inventories to their realisable value is included in cost of sales.

2. Lease expenses comprises the costs in respect of low-value leases and short-term leases. Refer to accounting policy in Note 24 - Leases.

Notes to the Consolidated Financial Statements continued

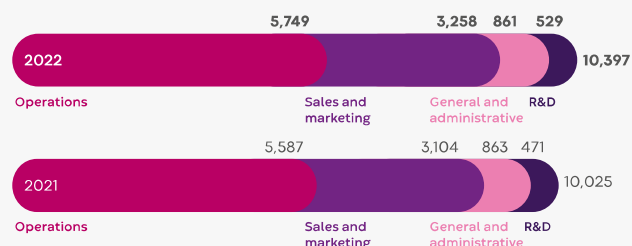
3. OPERATING COSTS (CONTINUED)

The remuneration of the Executive Directors, which is set out on pages 139 to 151, has been audited and is included within staff costs and forms part of these Consolidated Financial Statements.

3.2 Employee numbers

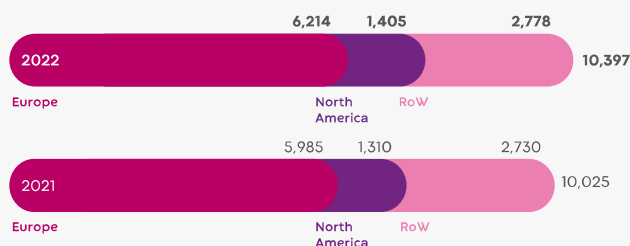
The average number of the Group's employees by function:

Employees by function



The average number of the Group's employees by location:

Employees by location



The total number of employees as at 31 December 2022 was 10,028 (2021: 10,134).

3.3 Auditor's remuneration

The total remuneration of the Group's auditor, Deloitte LLP, for services provided to the Group during the year ended 31 December, is analysed below:

	2022 \$m	2021 \$m
Fees for audit services		
Group	1.5	1.2
Subsidiaries	3.0	3.2
Total fees for audit services	4.5	4.4
Fees for non-audit services		
Audit-related assurance services	0.2	0.2
Other assurance services	0.1	0.2
Total auditor remuneration	4.8	4.8

A description of the work performed by the Audit and Risk Committee to safeguard auditor independence when non-audit services are provided is set out in the Audit and Risk Committee report on pages 126 to 138.

4. OTHER OPERATING EXPENSES

Other operating expenses were as follows:

	2022 \$m	2021 \$m
Exit and divestiture-related activities	12.4	-
Impairment of other intangible assets	1.4	-
	13.8	-

As a result of the exit from hospital care and industrial sales-related activities and disposal of a foreign subsidiary, impairments of \$8.1 million to property, plant and equipment and \$4.3 million to intangible assets have been recognised during the period. See Note 27 - Divestitures for further details. The impairment of other intangible assets relates to a legacy acquisition-related customer relationship asset which was impaired as part of the rationalisation of activities in the portfolio.

5. NON-OPERATING (EXPENSE)/INCOME, NET

Non-operating (expense)/income, net was as follows:

	Notes	2022 \$m	2021 \$m
Net foreign exchange (loss)/gain ¹		(13.5)	4.3
Realisation of cumulative translation adjustments	27	(12.2)	-
Gain/(loss) on foreign exchange forward contracts	23	15.8	(9.7)
Loss on foreign exchange cash flow hedges	23	(16.5)	(3.9)
Change in contingent consideration ²	26	(29.5)	-
(Loss)/gain on divestiture	27	(2.0)	0.5
Other non-operating income		0.2	-
Non-operating expense, net³		(57.7)	(8.8)

1. The foreign exchange losses in 2022 primarily relate to the foreign exchange impact on intercompany transactions, including loans transacted in non-functional currencies. The Group uses foreign exchange forward contracts to manage these exposures in accordance with the Group's foreign exchange risk management policy.
2. The \$29.5 million expense relates to the change in fair value of the contingent consideration for the Cure Medical (\$5.8 million) and Triad Life Sciences (\$23.7 million) acquisitions as described in Note 26 - Acquisitions.
3. Of the total net non-operating expense, \$1.7 million (2021: \$4.3 million) relates to mark-to-market derivatives, the cash flow impact of which have been shown within the changes in working capital section of the Consolidated Statement of Cash Flows.

Notes to the Consolidated Financial Statements continued

6. INCOME TAXES

The note below sets out the current and deferred tax charges, which together comprise the total tax expense in the Consolidated Income Statement. The deferred tax section of the note also provides information on expected future tax charges or benefits and sets out the deferred tax assets and liabilities held across the Group.

Accounting policy

The tax expense represents the sum of current and deferred tax.

Current tax

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of prior years. Taxable profit differs from profit before income taxes because taxable profit excludes items that are either never taxable or tax deductible or items that are taxable or tax deductible in a different period.

Deferred tax

Deferred tax is recognised using the balance sheet liability method for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences:

- on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- arising on the initial recognition of goodwill;
- on investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to temporary differences when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Current tax and deferred tax for the year

Current tax and deferred tax are recognised in the Consolidated Income Statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Tax provisions

The Group is subject to income taxes in numerous tax jurisdictions. Judgement is sometimes required in determining the worldwide provision for income taxes. There may be transactions for which the ultimate tax determination is uncertain and may be challenged by the tax authorities. The Group recognises liabilities for anticipated or actual tax audit issues based on estimates of whether additional taxes will be due. Where an outflow of funds to a tax authority is considered probable and the Group can make a reliable estimate of the outcome of the issue, management calculates the provision for the best estimate of the liability. In assessing its uncertain tax provisions, management takes into account the specific facts of each issue, the likelihood of settlement and the input of professional advice where required. The Group assumes that where a tax authority has a right to examine amounts reported to it, they will do so and will have full knowledge of all relevant information. Where the ultimate liability as a result of an issue varies from the amounts provided, such differences could impact the current and deferred tax assets and liabilities in the period in which the dispute is concluded.

6.1 Taxation

The Group's income tax expense is the sum of the total current and deferred tax expense.

	2022 \$m	2021 \$m
Current tax		
UK corporation tax	-	0.8
Overseas taxation	46.8	46.8
Adjustment to prior years	(2.0)	(4.3)
Total current tax expense	44.8	43.3
Deferred tax		
Origination and reversal of temporary differences	(3.7)	(6.5)
Change in tax rates	(3.2)	4.4
Adjustment to prior years	1.2	(0.7)
Benefit from previously unrecognised tax losses	(20.1)	(6.8)
Total deferred tax benefit	(25.8)	(9.6)
Income tax expense	19.0	33.7

In 2022, the deferred tax movement included a benefit of \$20.1 million in respect of the recognition of previously unrecognised tax losses in the US following the acquisition of Triad Life Sciences.

In 2021, the change in tax rates mainly relates to the revaluation of the net deferred tax liability in the UK following the enactment of Finance Act 2021, which increases the UK corporation tax rate from 19.0% to 25.0% from 1 April 2023.

The Group's deferred tax benefit in the year ended 31 December 2021 was mainly influenced by the deferred tax benefit of \$6.8 million for the recognition of deferred tax assets following the acquisition of Cure Medical LLC (Cure Medical) in respect of previously unrecognised tax losses in the US.

6.2 Reconciliation of effective tax rate

The effective tax rate for the year ended 31 December 2022 was 23.2%, as compared with 22.3% for the year ended 31 December 2021.

Tax reconciliation to UK statutory rate

The table below reconciles the Group's profit before income taxes at the UK statutory rate to the Group's total income tax expense:

	2022 \$m	2021 \$m
Profit before income taxes	81.9	151.3
Profit before income taxes multiplied by rate of corporation tax in the UK of 19.0% (2021: 19.0%)	15.6	28.7
Difference between UK and overseas tax rates ¹	3.0	4.0
Deferred tax impact for increase in UK tax rate	-	4.8
Non-deductible/non-taxable items	14.4	1.3
Movement in unrecognised tax losses and other assets	1.0	(0.1)
Recognition of previously unrecognised US deferred tax assets	(20.1)	(6.8)
Movement in provision for uncertain tax positions	2.5	(0.3)
Other ²	2.6	2.1
Income tax expense and effective tax rate	19.0	33.7
	23.2%	22.3%

1. This includes changes in tax rates based on substantively enacted legislation across various tax jurisdictions as of 31 December.

2. Includes tax on amortisation of finite-lived intangibles and taxes on unremitted earnings.

The Group's income tax expense includes a \$20.1 million tax benefit due to the recognition of deferred tax assets following the acquisition of Triad Life Sciences in respect of previously unrecognised tax losses in the US and the \$9.5 million effect of non-deductible contingent consideration on the acquisition of both Triad Life Sciences and Cure Medical. Refer to Note 26 - Acquisitions for the acquisition accounting of Triad Life Sciences.

Notes to the Consolidated Financial Statements continued

6. INCOME TAXES (CONTINUED)

The Group has worldwide operations and therefore is subject to several factors that may affect future tax charges, principally the levels and mix of profitability in different tax jurisdictions, transfer pricing regulations, tax rates imposed and tax regime reforms. The calculation of the Group's tax expense involves a degree of estimation and judgements in respect of certain items for which the tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority, specifically in relation to open tax and transfer pricing matters. Due to the high volume of intercompany transactions, the Group's evolving business model and the increasing complexity in interaction between multiple tax laws and regulations, transfer pricing requires judgement in determining the appropriate allocation of profits between jurisdictions. The Group assessed the impact of ongoing changes to the Group's operating model, the supporting documentation for the tax and transfer pricing positions, existing tax authority challenges, and the likelihood of new challenges by tax authorities. In line with the requirements of IFRIC 23, *Uncertainty over Income Tax Treatments*, the Group has provided for uncertain tax positions in respect of transfer pricing positions and withholding tax liabilities. The net increase in provisions during 2022 was driven by the reassessment of estimates, and settlement and expiry of open tax issues in various jurisdictions. Where open issues exist, the ultimate liability for such matters may vary from the amounts provided and is dependent upon the outcome of discussions with the relevant tax authorities or, where applicable, appeal proceedings. Accordingly, settlement and expiry of open tax issues could have a significant impact on future tax expenses.

The Group is monitoring tax reforms driven by the OECD's project to address the tax challenges arising from the digitalisation of the economy, including Global Anti-Base Erosion Model Rules (Pillar Two). The Group has analysed the tax impact of the project to the Group based on OECD model rules issued on 20 December 2021 and draft legislations available in jurisdictions in which the Group operates in, and expect the tax impact to be not material in the foreseeable future. The Group will reassess the tax impact once new legislation becomes available. This has no impact on the Group's result for 2022.

6.3 Deferred tax

The components of deferred tax assets and liabilities at 31 December are as follows:

	2022 \$m	2021 \$m
Deferred tax assets	26.6	28.9
Deferred tax liabilities	(83.2)	(87.2)
	(56.6)	(58.3)

6.4 Movement in deferred tax assets and liabilities

Deferred tax is measured on the basis of the tax rates enacted or substantively enacted at the reporting date. The movements in the deferred tax assets and liabilities were as follows:

	Inventory \$m	Tax losses \$m	PP&E \$m	Intangibles \$m	Interest \$m	Other \$m	Total \$m
At 1 January 2021	14.2	55.3	1.2	(175.3)	21.4	23.2	(60.0)
Recognised in Income Statement	(5.8)	34.4	(12.5)	1.1	(4.0)	(3.6)	9.6
Recognised in other comprehensive income	-	-	-	-	(0.9)	0.1	(0.8)
Acquisitions	(0.2)	-	(0.1)	(9.1)	-	-	(9.4)
Other	-	-	-	-	-	0.5	0.5
Foreign exchange	0.2	(0.2)	0.4	0.9	-	0.5	1.8
At 31 December 2021	8.4	89.5	(11.0)	(182.4)	16.5	20.7	(58.3)
Recognised in Income Statement	(1.4)	(5.5)	5.9	(1.7)	8.5	20.0	25.8
Recognised in other comprehensive income	-	-	-	-	2.4	-	2.4
Acquisitions ¹	(2.4)	6.3	-	(36.2)	-	-	(32.3)
Other	-	-	-	-	-	1.1	1.1
Foreign exchange	(1.3)	(0.2)	1.6	2.7	1.0	0.9	4.7
At 31 December 2022	3.3	90.1	(3.5)	(217.6)	28.4	42.7	(56.6)

1. Refer to Note 26 - Acquisitions for the acquisition accounting of Triad Life Sciences.

Net deferred tax liabilities provided in relation to intangible assets are predominantly in respect of temporary differences arising on assets and liabilities acquired as part of business combinations. The net movement in deferred tax liability in respect of intangible assets in 2022 mainly relates to the acquisition of Triad Life Sciences. An amount relating to deductible tax amortisation of intangible assets of \$15.4 million that are not expected to reverse against taxable income in the future (2021: \$15.9 million) is not recognised.

The Group has a history of US tax losses and has recognised a deferred tax asset on US tax losses at 31 December 2022 only to the extent that there are suitable offsetting taxable temporary differences. In 2022, there was an increase in suitable offsetting taxable temporary differences in the US resulting in an additional amount of tax losses in the US being recognised as a deferred tax asset. In particular, upon acquisition of Triad Life Sciences, a net deferred tax liability of \$32.3 million was recognised on acquisition (principally in relation to intangible assets - refer to Note 26 - Acquisitions for further details). Some of this can be offset by the Group's US tax losses and, therefore, the deferred tax recognition criteria were met, resulting in a tax benefit of \$20.1 million being recognised. Following the Triad Life Sciences acquisition, all Federal tax losses in the US were recognised as deferred tax assets. Deferred tax assets on temporary differences of \$0.3 million, state tax losses of \$2.3 million and foreign tax credits of \$3.9 million remain unrecognised in the US based on forecasts of future taxable profit where the underlying assumptions are consistent with the impairment and going concern forecasts.

Deferred tax on inventory predominantly relates to a deferred tax asset recognised on intra-Group profits arising on intercompany inventory that are eliminated in the Consolidated Financial Statements. As intra-Group profits are not eliminated from the individual entities' tax returns, a temporary difference arises that will reverse when the inventory is sold externally.

Other net temporary differences include accrued expenses, employee costs, and pensions, for which a tax deduction is only available on a paid basis, research and development expenses, unremitted earnings and share-based payments.

To the extent that dividends remitted from overseas subsidiaries and branches are expected to result in additional taxes, appropriate amounts have been provided for. Deferred tax is not provided on temporary differences of \$351.8 million in the year to 31 December 2022 (2021: \$369.1 million) arising on unremitted earnings as management has the ability to control any future reversal and does not consider such a reversal in the foreseeable future to be probable.

6.5 Unrecognised tax losses carried forward

Deferred tax assets are only recognised where it is probable that future taxable profits will be available to utilise the tax losses. The following table shows the unrecognised tax losses carried forward, including anticipated period of expiration:

	2022 Losses \$m	2021 Losses \$m
Trading and capital losses expiring:		
Within 5 years	10.0	15.3
Between 5 to 10 years	12.7	88.3
More than 10 years	30.7	75.0
Unlimited	958.0	661.6
Total	1,011.4	840.2

The Group also has unrecognised tax credits, in respect of non-US tax payments of \$3.9 million (2021: \$4.0 million) in the US, which are due to expire within five years.

The unrecognised tax losses of \$1,011.4 million reflects judgements and estimates considered in the provision for uncertain tax positions, in line with the requirements of IFRIC 23, *Uncertainty over Income Tax Treatments*. The Group has Luxembourg tax losses of \$941.9 million (2021: \$638.4 million) which are not recognised and will not expire. The movement in Luxembourg tax losses not recognised is mainly attributable to foreign exchange differences and the reassessment during the year of utilisation of losses in a prior year following an internal corporate reorganisation.

7. EARNINGS PER SHARE

Basic earnings per share is calculated based on the Group's net profit for the year attributable to shareholders divided by the weighted average number of ordinary shares in issue during the year. The weighted average number of shares is net of shares purchased by the Group and held as own shares.

Diluted earnings per share take into account the dilutive effect of all outstanding share options priced below the market price in arriving at the number of shares used in its calculation.

	2022	2021
Net profit attributable to the shareholders of the Group (\$m)	62.9	117.6
Basic weighted average ordinary shares in issue (number)	2,023,839,657	2,008,923,797
Dilutive impact of share awards (number)	16,407,811	17,416,548
Diluted weighted average ordinary shares in issue (number)	2,040,247,468	2,026,340,345
Basic earnings per share (cents per share)	3.1¢ per share	5.9¢ per share
Diluted earnings per share (cents per share)	3.1¢ per share	5.8¢ per share

The calculation of diluted earnings per share excludes 404,241 (2021: 1,878,714) share options that were non-dilutive for the year because the exercise price exceeded the average market price of the Group's ordinary shares during the year.

Notes to the Consolidated Financial Statements continued

OPERATING ASSETS AND LIABILITIES

This section sets out the assets and liabilities that the Group holds in order to operate the business on a day-to-day basis, including long-term assets which generate future revenues and profits for the Group.

Liabilities relating to the Group's financing activities are addressed in "Capital structure and financial costs".

8. PROPERTY, PLANT AND EQUIPMENT

The Group invests in buildings, equipment and manufacturing machinery to operate the business and to generate revenue and profits. Assets are depreciated over their estimated useful economic life reflecting the reduction in value of the asset due, in particular, to wear and tear.

Accounting policy

Property, plant and equipment (PP&E) are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of an asset including subsequent additions and improvements when it is probable that future economic benefit associated with the item will flow to the Group and the cost can be reliably measured.

Depreciation is provided on a straight-line basis from the point an asset becomes available for use. Depreciation is calculated to reduce the asset's cost to its residual value over the asset's estimated useful economic life. Assets are depreciated as follows:

Asset category	Useful life
Land	not depreciated
Land improvements	15 to 40 years
Leasehold improvements	shorter of useful life or lease tenure
Buildings	15 to 50 years
Machinery, equipment and fixtures	3 to 20 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds, less any selling expenses, and the carrying amount of the asset. This difference is recognised in the Consolidated Income Statement.

Assets under construction reflects the cost of construction or improvement of items of PP&E that are not yet available for use. Finance costs incurred in the construction of assets that take more than one year to complete are capitalised using the Group's weighted average borrowing cost during the period in which the asset is under construction. Capitalisation of finance costs ceases when the asset becomes available for use.

Consideration of useful economic lives

The assets' residual values, depreciation methods and useful economic lives are reviewed annually and adjusted if appropriate.

Impairment of assets

The carrying values of PP&E are reviewed for indicators of impairment annually or when events or changes in circumstances indicate the carrying value may be impaired. If any such indication exists, the recoverable amount of the asset is estimated, being the higher of an asset's fair value less costs to sell and the net present value of its expected pre-tax future cash flows (value in use).

When an asset's recoverable amount falls below its carrying value, an impairment is charged to the Consolidated Income Statement.

The movement in the carrying value of each major category of PP&E is as follows:

	Land & land improvements \$m	Building, building equipment and leasehold improvements \$m	Machinery, equipment and fixtures \$m	Assets under construction \$m	Total \$m
Cost					
1 January 2021	15.8	129.4	483.4	77.2	705.8
Additions	-	1.5	3.6	65.7	70.8
Disposals ¹	-	(4.0)	(12.0)	(0.3)	(16.3)
Transfers	-	6.0	34.3	(40.3)	-
Foreign exchange	(0.5)	(3.0)	(18.6)	(3.8)	(25.9)
31 December 2021	15.3	129.9	490.7	98.5	734.4
Additions	-	1.8	8.2	90.0	100.0
Arising from acquisitions (Note 26)	-	0.5	0.3	-	0.8
Disposals ¹	-	(4.0)	(17.5)	(1.8)	(23.3)
Transfers	-	13.7	24.7	(38.4)	-
Foreign exchange	(1.1)	(6.7)	(25.2)	(4.6)	(37.6)
31 December 2022	14.2	135.2	481.2	143.7	774.3
Accumulated depreciation					
1 January 2021	0.9	50.5	302.2	-	353.6
Depreciation	0.1	6.1	34.4	-	40.6
Disposals	-	(3.3)	(11.0)	-	(14.3)
Impairment	-	1.0	-	-	1.0
Foreign exchange	-	(1.2)	(12.0)	-	(13.2)
31 December 2021	1.0	53.1	313.6	-	367.7
Depreciation	-	6.8	32.9	-	39.7
Arising from acquisitions (Note 26)	-	0.2	0.1	-	0.3
Disposals	-	(4.0)	(17.5)	-	(21.5)
Impairment	-	1.9	5.5	-	7.4
Foreign exchange	-	(2.7)	(17.0)	-	(19.7)
31 December 2022	1.0	55.3	317.6	-	373.9
Net carrying amount					
31 December 2021	14.3	76.8	177.1	98.5	366.7
31 December 2022	13.2	79.9	163.6	143.7	400.4

1. Included within disposals costs were asset write-offs of \$1.8 million (2021: \$2.0 million).

Notes to the Consolidated Financial Statements continued

9. INTANGIBLE ASSETS AND GOODWILL

The split of intangible assets and goodwill is as follows:

	Notes	2022 \$m	2021 \$m
Intangible assets	9.1	924.9	902.2
Goodwill	9.2	1,224.6	1,156.3
Intangible assets and goodwill		2,149.5	2,058.5

9.1 Intangible assets

The Group's intangible assets are those that have been recognised at fair value as part of business combinations, investment in product development and software purchased to support business operations. These are assets that are not physical in nature but can be sold separately or arise from legal rights.

Accounting policy

Recognition

Measurement on initial recognition of intangible assets is determined at cost for assets acquired by the Group and at fair value at the date of acquisition if acquired in business combinations. Following initial recognition of the intangible asset, the asset is carried at cost less any subsequent accumulated amortisation and accumulated impairment losses.

Purchased computer software and certain costs of information technology are capitalised as intangible assets. Software that is integral to purchased computer hardware is capitalised as PP&E.

R&D

R&D expenses are comprised of all activities involving investigative, technical and regulatory processes related to obtaining appropriate approvals to market our products. It also includes new product development aimed at developing more sustainable product portfolios for the longer term, as mentioned within the Responsible Business review section (refer to page 51). Costs include payroll, clinical manufacturing and pre-launch clinical trial costs, manufacturing development and scale-up costs, product development, regulatory costs including costs incurred to comply with legislative changes, contract services and other external contractors' costs, research licence fees, depreciation and amortisation of laboratory facilities, and laboratory supplies.

Research costs are expensed as incurred. Development costs are capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and use or sell the asset. Subsequent to initial recognition, development costs are measured at cost less accumulated amortisation and any accumulated impairment losses. Upgrades and enhancements are capitalised to the extent they will result in added functionality and probable future economic benefits.

Amortisation

Intangible assets with an indefinite life are not amortised. Amortisation of intangible assets with a finite life is calculated using the straight-line method based on the following estimated useful lives:

Asset category	Useful life
Product-related	3 to 20 years
Capitalised software	3 to 10 years
Customer relationships and non-compete agreements	2 to 20 years
Trade names - finite	2 to 10 years
Trade names - indefinite	indefinite
Development costs	5 years

Assets under construction reflects the cost of development or improvement of intangible assets that are not yet available for use.

Impairment of assets

Intangible assets with finite life are reviewed for indicators of impairment at each reporting period or when events or changes in circumstances indicate the carrying value may be impaired. If any such indication exists, the recoverable amount of the asset is estimated, being the higher of an asset's fair value less costs to sell and the net present value of its expected pre-tax future cash flows (value in use).

When an asset's recoverable amount falls below its carrying value, an impairment is charged to the Consolidated Income Statement.

Refer to Note 9.3 - CGU impairment review for consideration of impairment of indefinite-lived intangible assets.

The movement in the carrying value of each major category of intangible assets is as follows:

	Product-related \$m	Capitalised software ¹ \$m	Customer relationships and non- complete agreements \$m	Trade names \$m	Development cost \$m	Assets under construction \$m	Total \$m
Cost							
1 January 2021	2,101.2	128.6	305.5	260.2	12.5	8.2	2,816.2
Additions	-	2.2	-	-	-	20.6	22.8
Arising from acquisitions ²	4.9	-	33.2	4.6	-	-	42.7
Write-offs	(7.1)	(21.6)	(0.7)	-	-	(0.4)	(29.8)
Transfers	-	13.3	-	-	-	(13.3)	-
Foreign exchange	(12.9)	(0.3)	(7.0)	(1.1)	(0.9)	(0.3)	(22.5)
31 December 2021	2,086.1	122.2	331.0	263.7	11.6	14.8	2,829.4
Additions	10.0	0.6	-	-	-	34.0	44.6
Arising from acquisitions ²	154.8	-	-	-	-	-	154.8
Write-offs	(50.7)	(1.8)	(0.3)	-	-	(0.6)	(53.4)
Transfers	-	11.8	-	-	-	(11.8)	-
Foreign exchange	(79.7)	(2.4)	(6.3)	(0.9)	(0.6)	(0.9)	(90.8)
31 December 2022	2,120.5	130.4	324.4	262.8	11.0	35.5	2,884.6
Accumulated amortisation							
1 January 2021	1,530.9	90.4	185.8	7.7	9.0	-	1,823.8
Amortisation	107.1	12.3	24.5	1.9	1.4	-	147.2
Write-offs	(7.1)	(21.6)	(0.7)	-	-	-	(29.4)
Impairment	-	2.5	-	-	-	-	2.5
Foreign exchange	(10.1)	(0.1)	(6.1)	0.1	(0.7)	-	(16.9)
31 December 2021	1,620.8	83.5	203.5	9.7	9.7	-	1,927.2
Amortisation	108.6	12.0	24.3	1.4	1.1	-	147.4
Write-offs	(50.7)	(1.8)	(0.3)	-	-	-	(52.8)
Impairment	4.3	-	1.4	-	-	-	5.7
Foreign exchange	(61.0)	(0.9)	(5.4)	-	(0.5)	-	(67.8)
31 December 2022	1,622.0	92.8	223.5	11.1	10.3	-	1,959.7
Net carrying amount							
31 December 2021	465.3	38.7	127.5	254.0	1.9	14.8	902.2
31 December 2022	498.5	37.6	100.9	251.7	0.7	35.5	924.9

1. Capitalised software is in respect of purchased and internally generated software.

2. Acquisitions comprise assets in relation to the Triad Life Sciences acquisition. See Note 26 – Acquisitions. In the year ended 31 December 2021, acquisitions comprise of Cure Medical and Patient Care Medical.

Notes to the Consolidated Financial Statements continued

9. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Amortisation expenses in respect of finite-lived intangible assets for the year ended 31 December were as follows:

	2022 \$m	2021 \$m
Cost of sales	113.1	110.7
Selling and distribution expenses	3.2	2.0
General and administrative expenses	29.1	32.5
Research and development expenses	2.0	2.0
Total amortisation expense	147.4	147.2

The carrying amount of trade names with indefinite life at 31 December 2022 was \$248.9 million (2021: \$249.8 million). Each of these trade names are considered to have an indefinite life, given the strength and durability of the current trade name and the level of marketing support. The trade names are in relatively similar stable and profitable market sectors, with similar risk profiles, and their size, diversification and market shares mean that the risk of market-related factors causing a reduction in the lives of the trade names is considered to be relatively low. The Group is not aware of any material legal, regulatory, contractual, competitive, economic or other factor which could limit their useful lives.

Individual intangible assets with a carrying amount in excess of 10% of the total intangible asset carrying amount were as follows:

	2022 \$m	2021 \$m	Remaining life
Trade names			
Convatec trade name	234.6	234.6	Indefinite
Product-related			
InnovaMatrix®	145.6	-	13.3 years
Aquacel® including Hydrofibre®	120.2	172.2	3.6 years
Stoma care	113.6	145.2	3.6 years

9.2 Goodwill

The Group recognises goodwill resulting from business combinations where there are future economic benefits from assets which cannot be individually separated and recognised. Goodwill represents the amount paid in excess of the fair value of the net assets of the acquired business.

Accounting policy

Refer to Note 1 - Basis of preparation for the Group accounting policy in relation to the initial valuation and recognition of goodwill arising from acquisitions.

Goodwill is not subject to amortisation but is tested for impairment annually or when events or changes in circumstances indicate the carrying value may be impaired. Refer to Note 9.3 - CGU impairment review for consideration of impairment of goodwill.

Goodwill is denominated in the functional currency of the acquired entity and revalued to the closing exchange rate at each reporting period date.

The changes in the carrying value of goodwill as at 31 December were as follows:

	Total \$m
1 January 2021	1,097.2
Divestitures	(0.9)
Arising from acquisitions	79.0
Foreign exchange	(19.0)
31 December 2021	1,156.3
Arising from acquisitions (Note 26)	129.9
Foreign exchange	(61.6)
31 December 2022	1,224.6

9.3 Cash generating unit (CGU) impairment review

An impairment assessment is required to be performed annually for goodwill and indefinite-lived intangibles or when events or changes in circumstances indicate the carrying value may be impaired. An impairment is a reduction in the recoverable amount of an asset compared to the carrying value of the asset. Recoverable amount is the higher of value in use and fair value less costs to sell.

This note provides details of the annual impairment assessment that has been performed.

Accounting policy

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Additionally, goodwill arising from a business combination is allocated to a CGU or groups of CGUs that are expected to benefit from the synergies of the combination. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

The recoverable amounts of the CGUs are determined based on value in use calculations, which reflect the estimated future cash flows of each CGU discounted by an estimated weighted average cost of capital that represents the rate of return an outside investor would expect to earn. This discount rate is based on the weighted average cost of capital for comparable public companies and is adjusted for risks specific to the CGU including differences in risk due to its size, geographic concentration and trading history.

Future cash flows are determined using the latest available Board-approved forecasts and strategic plans. These forecasts and strategic plans are based on specific assumptions for each CGU during the five-year planning period with respect to revenue, results of operations, working capital, capital investments and other general assumptions for the projected period. The forecast assumptions that derive the future cash flows are based on the historical results of each CGU combined with external market information and defined strategic initiatives.

If identified, impairment losses are recognised in the Consolidated Income Statement. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the remaining assets in the CGU, on a pro-rated basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The Group has not recognised any reversal of previous impairments in either 2022 or 2021.

The Group continues to operate under the same operating model as prior year and determined that there has not been any triggers for a change in CGU groups. There has been no change in the reporting to the CODM during the year ended 31 December 2022, with profitability continuing to be assessed on a consolidated basis, and management's focus is predominantly category and key market focus. Goodwill is deemed to be monitored on a category basis, and the Group's CGU groups continue to be: (i) Advanced Wound Care; (ii) Ostomy Care; (iii) Continence & Critical Care, and (iv) Infusion Care.

Goodwill and intangible assets with indefinite life (trade names) are allocated to the Group's CGU groups as at 31 December as follows:

	Goodwill		Indefinite-lived intangible assets	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m
CGU groups				
Advanced Wound Care	490.0	386.9	104.8	104.8
Ostomy Care	116.5	121.7	91.2	91.2
Continence & Critical Care	535.6	558.0	41.2	41.4
Infusion Care	82.5	89.7	11.7	12.4
Total	1,224.6	1,156.3	248.9	249.8

Determining the estimated recoverable amount of a CGU group is judgemental in nature. The key input used in the estimation of value in use as at 31 December 2022 is the Group's five-year Board approved strategic plan, with key assumptions including forecast sales growth rates, terminal value growth rate and discount rates. Forecast sales growth rates are based on past experience adjusted for macroeconomic activity, sector market growth forecasts, competitor activity and strategic decisions made in respect of each CGU group.

Notes to the Consolidated Financial Statements continued

9. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

The terminal value growth rate and discount rates used were as follows:

	2022 %	2021 %
Discount rate (pre-tax) ¹		
CGU groups		
Advanced Wound Care	13.5	10.5
Ostomy Care	12.5	10.0
Continence & Critical Care	11.5	9.5
Infusion Care	12.5	9.5
Terminal value growth rate²	2.0	2.0

1. The discount rate is based on the weighted average cost of capital for comparable public companies and is adjusted for risks specific to the CGU group including differences in risk due to its size, geographic concentration and trading history.
2. The estimated terminal value growth rate for the CGU groups is a prudent estimate based on expectations concerning the growth trends of the CGU groups, taking into account global gross domestic product growth, general long-term inflation and population expectations.

Global equity markets have become more volatile in 2022, driven by rising inflation levels, the war between Russia and Ukraine and the energy crisis. Consequently, discount rates have seen an increase in the year, driven by rises in the markets' risk-free rates.

No impairments have been recognised in respect of the Group's current CGU groups for the years ended 31 December 2022 and 2021.

Taking into consideration the Board approved 2023 budget and longer-term strategic plan as foundations, sensitivity analysis was performed considering changes in key assumptions including discount rates and terminal value growth rate, and consideration of risk-based severe but plausible downside scenarios consistent with those identified as part of the Viability assessment (refer to page 99 for full details of scenarios). As part of the assessment, an external benchmarking assessment was also carried out on the forecast sales growth rates.

Under all severe but plausible scenarios, headroom remained on all CGU groups, demonstrating that the impairment of goodwill and indefinite-lived intangible assets is not a key source of estimation uncertainty and any possible impairment would not result in a material adjustment in the next financial year.

10. INVESTMENT IN FINANCIAL ASSETS

Accounting policy

The Group has made an irrevocable election to designate its equity investment in BlueWind Medical at fair value through other comprehensive income (FVOCI). It has been initially recorded at fair value plus transaction costs and will be remeasured at subsequent reporting dates to fair value.

Unrealised gains and losses are recognised in other comprehensive income.

On disposal of the equity investment, any gains and losses that have been deferred in other comprehensive income are transferred directly to retained earnings.

Dividends on equity investments are recognised in the income statement when the Group's right to receive payment is established, it is probable the economic benefits will flow to the entity and the amount can be measured reliably.

On 9 May 2022, the Group invested \$30.0 million in preference shares of BlueWind Medical Limited (BlueWind Medical). BlueWind Medical is developing an implantable tibial neuromodulation device, for the treatment of urge incontinence and urinary urgency. This represents an investment into an innovative technology in the large and growing overactive bladder market, related to the Continence space.

In line with IFRS 9 *Financial Instruments*, the investment met the definition of an equity instrument and the Group has made an irrevocable election on initial recognition to measure the investment at FVOCI. The Group considers this investment to be strategic in nature and it is not held for trading.

In line with IFRS 13 *Fair value measurement*, this investment has been classified as Level 3 in the fair value hierarchy as its measurement is derived from significant unobservable inputs. As at the date of the transaction, the equity investment was recorded at its cost of investment which approximates to fair value plus transaction costs of \$0.7 million.

As at 31 December 2022, the fair value of the investment has been remeasured and remained at \$30.7 million. No dividends were recognised during the year.

11. INVENTORIES

Inventories are the materials used in manufacturing, products manufactured or purchased to be sold by the Group in the ordinary course of business. Inventories include finished goods, goods which are in the process of being manufactured (work in progress) and raw and packaging materials awaiting use in production.

Accounting policy

Inventories are valued at the lower of cost or net realisable value with the cost determined using an average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and indirect production overheads. Production overheads comprises indirect material and labour costs, maintenance and depreciation of the machinery and production buildings used in the manufacturing process, as well as costs of production administration and management.

Net realisable value is defined as anticipated selling price or anticipated revenue less cost to completion. Estimates of net realisable value are based on the average selling prices at the end of the reporting period, net of applicable direct selling expenses. Subsequent events related to the fluctuation of prices and costs are also considered, if relevant. If net realisable values are below inventory costs, a provision corresponding to this difference is recognised.

Provisions are also made for obsolescence of inventories that; (i) do not meet the Group's specifications; (ii) have exceeded their expiration date; or (iii) are considered slow-moving. The Group evaluates the carrying value of inventories on a regular basis, taking into account such factors as historical and anticipated future sales compared with quantities on hand, the price the Group expects to obtain for products in their respective markets compared with historical cost and the remaining shelf life of goods on hand.

The components of inventories at 31 December were as follows:

	2022 \$m	2021 \$m
Raw and packaging materials	79.6	71.9
Work in progress	41.6	37.9
Finished goods	215.7	199.0
Inventories	336.9	308.8

Inventories are stated net of provision for obsolescence of \$25.5 million (2021: \$21.3 million). Adjustments to write-down inventory to its net realisable value are provided in Note 3.1 - Operating profit.

12. TRADE AND OTHER RECEIVABLES

Trade receivables consist of amounts billed and currently due from customers. Gross trade receivables are presented before allowances for expected credit losses, sales discounts and chargeback allowances. Credit risk with respect to trade receivables is generally diversified due to the large dispersion and type of customers across many different geographies.

Other receivables include amounts due from third parties not related to revenue and prepaid expenses.

Accounting policy

Credit is extended to customers based on the evaluation of the customer's financial condition. Creditworthiness of customers is evaluated on a regular basis. Exposure to credit risk is managed through credit approvals, credit limits and monitoring procedures. The Group considers a default event to be one where the customer does not have sufficient funds to make their required payments and/or is in the process of being liquidated.

An allowance is maintained for expected lifetime credit losses that result from the failure or inability of customers to make required payments. It is not necessary for a credit event to have occurred before credit losses are recognised. Instead, the Group accounts for expected lifetime credit losses and changes in those expected lifetime credit losses. In determining the allowance, consideration includes the probability of recoverability based on past experience and general economic factors, incorporating forward-looking information and adjustments for customers who represent a lower risk of default, which includes public or private medical insurance customers and customers guaranteed by local government. The amount of expected credit losses, if any, is required to be updated at each reporting date.

Certain trade and other receivables may be fully reserved when specific collection issues are known to exist, such as pending bankruptcy. The Group writes off uncollectable receivables at the time it is determined the receivable is no longer collectable.

Trade and other receivables are not collateralised or factored and the Group does not charge interest on past due amounts. Refer to Note 2.1 - Revenue recognition for details on the accounting policy in respect of chargeback allowances.

Notes to the Consolidated Financial Statements continued

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade and other receivables at 31 December were as follows:

	2022 \$m	2021 \$m
Included within current assets:		
Trade receivables	344.7	296.9
Less: allowances for expected credit losses	(22.0)	(14.6)
Less: sales discounts and chargebacks	(37.6)	(31.7)
Other receivables ¹	54.2	50.9
Prepayments	24.7	22.0
Trade and other receivables	364.0	323.5

1. The balance of restricted cash with a maturity of less than one year as at 31 December 2022 is \$18.2 million and is presented separately on the face of the Consolidated Statement of Financial Position. The prior year balance of \$0.4 million is presented within other receivables and has not been reclassified due to its immateriality.

The aged analysis of trade receivables at 31 December was as follows:

	2022 \$m	2021 \$m
Current	255.0	235.2
Past due 1 to 30 days	33.6	15.5
Past due 31 to 90 days	22.5	17.3
Past due 91 to 180 days	7.9	0.7
Past due by more than 180 days	25.7	28.2
	344.7	296.9

The unimpaired amounts at 31 December that are past due were aged as follows:

	2022 \$m	2021 \$m
Past due 1 to 30 days	32.1	14.2
Past due 31 to 90 days	20.6	16.5
Past due 91 to 180 days	4.7	-
Past due by more than 180 days	10.3	16.4
	67.7	47.1

The Group believes that the unimpaired amounts that are past due are still collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk.

Movements in the allowance for expected credit losses for the years ended 31 December were as follows:

	2022 \$m	2021 \$m
At 1 January	(14.6)	(12.6)
Charges	(6.6)	(8.2)
Utilisation of provision	1.1	5.6
Foreign exchange	(1.9)	0.6
At 31 December	(22.0)	(14.6)

Other non-current receivables

Other non-current receivables of \$8.6 million (2021: \$11.9 million) are principally in respect of deposits held with lessors, prepaid expenses and other receivables.

13. TRADE AND OTHER PAYABLES

Trade payables consist of amounts owed to third-party suppliers and represent a contractual obligation to deliver cash in the future.

Other payables include taxes and social security, accruals and liabilities for other employee-related benefits.

Accounting policy

Trade payables are recognised at the value of the invoice received from the supplier and are not interest bearing. The carrying amount of trade and other payables is considered to approximate fair value, due to their short-term maturities.

The components of trade and other payables at 31 December were as follows:

	2022 \$m	2021 \$m
Included within current liabilities:		
Trade payables	112.2	116.7
Taxes and social security	26.0	29.0
Other employee-related liabilities	92.3	92.3
Accruals and other payables	116.1	104.5
Trade and other payables	346.6	342.5
	2022 \$m	2021 \$m
Included within non-current liabilities:		
Defined benefit obligations (Note 15)	11.0	19.7
Other employee-related liabilities	7.7	7.4
Accruals and other payables	14.0	20.5
Other non-current liabilities	32.7	47.6

14. PROVISIONS

A provision is an obligation recognised when there is uncertainty over the timing or amount that will be paid. Provisions held by the Group are primarily in respect of restructuring, decommissioning, dilapidations, legal liabilities and contingent consideration relating to acquisitions.

Accounting policy

A provision is recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation and that obligation can be measured reliably. Restructuring provisions are only recognised when a constructive obligation exists, which requires both a detailed formal plan and a valid expectation being raised in those affected by starting to implement that plan or announcing the main features. Provisions are measured at the best estimate of the expenditure required to settle the obligation and are discounted to present value if the effect is material. Provisions are reviewed on a regular basis and adjusted to reflect management's best current estimates. Due to the judgemental nature of these items, future settlements may differ from amounts recognised.

When the timing of a settlement is uncertain or expected to be more than 12 months from the reporting date, amounts are classified as non-current.

Notes to the Consolidated Financial Statements continued

14. PROVISIONS (CONTINUED)

The movements in provisions are as follows:

	Decommissioning and dilapidations \$m	Restructuring \$m	Legal \$m	Contingent consideration \$m	Total \$m
1 January 2022	1.2	5.0	0.5	-	6.7
Contingent consideration from acquisitions	-	-	-	141.8	141.8
Charged to income statement	1.7	15.7	(0.3)	29.5	46.6
Utilised	-	(10.4)	-	(50.0)	(60.4)
Discount unwinding	-	-	-	15.6	15.6
Reclassification from trade and other payables ¹	-	-	-	3.1	3.1
Foreign exchange	(0.1)	-	-	-	(0.1)
31 December 2022	2.8	10.3	0.2	140.0	153.3
Current	-	10.3	-	89.9	100.2
Non-current ²	2.8	-	0.2	50.1	53.1

1. During the year ended 31 December 2022, \$3.1 million was reclassified from trade and other payables in relation to the Cure Medical acquisition to better reflect the estimation uncertainty of the contingent consideration.

2. The expected timings of the payment of the contingent consideration are disclosed in Note 26 - Acquisitions. The timing for other non-current provisions is undefined.

Decommissioning and dilapidation provisions

Decommissioning provisions represent the estimated costs of dismantling and removing PP&E and restoring the site on which it was located. Dilapidation provisions are in respect of contractual obligations, on the expiry of a lease, to return leased properties in the condition which is specified in the individual leases.

Restructuring provisions

Restructuring provisions are mainly related to the exit from the low-margin hospital care and industrial sales portfolio. Further details are in Note 27 - Divestitures. All restructuring provisions are supported by detailed plans and a valid expectation has been raised in those affected as required by the Group's accounting policy.

Legal provision

Legal provision of \$0.2 million is in respect of an ongoing case. Legal issues are often subject to uncertainties over the timing and the final amounts of any settlement.

Contingent consideration

Contingent consideration arising from business combinations is fair valued on acquisition and at each reporting period.

As at 31 December 2022, the discounted fair value of the contingent consideration payable in respect of the Cure Medical acquisition was \$9.2 million (2021: \$3.1 million), with an increase of \$5.8 million arising as a result of good performance to date, together with the latest financial forecasts, and the unwind of discount of \$0.3 million during the year. This has been charged to the Consolidated Income Statement.

As at 31 December 2022, the discounted fair value of the contingent consideration payable in respect of the Triad Life Sciences acquisition was \$130.8 million, with the movements since the acquisition date fair value of \$141.8 million being a combination of an increase of \$23.7 million arising from management's view that the latest available financials are expected to exceed original expectations and the unwind of discount of \$15.3 million during the year, partly offset by the payments of \$50.0 million to the sellers following successful attainment of the two short-term milestones per the Merger Agreement.

Further detail is provided in Note 26 - Acquisitions.

15. POST-EMPLOYMENT BENEFITS

The Group has over 10,000 employees globally and operates a number of defined benefit and defined contribution pension plans for its employees. Each individual plan is subject to the applicable laws and regulations of the country in which the plan operates.

Defined contribution arrangements are where the Group pays fixed payments as they fall due into a separate fund on behalf of employees participating in the plan and has no further legal or constructive obligations. The cost of Group contributions to defined contribution arrangements during the year is provided in Note 3 - Operating costs.

A defined benefit plan is a pension or other post-employment benefit plan under which the Group has an obligation to provide agreed benefits to current and former employees. The Group bears the risk that its obligation may increase or that the value of the assets in the pension fund may decline. The benefit payable in the future by the Group is discounted to the present value and the fair value of plan assets is deducted to measure the defined benefit pension position.

The Group has defined benefit plans in a number of European countries. The most significant plans are: Switzerland, which has a state-mandated plan that remains open to all Swiss employees; and Germany, which has one unfunded plan, that remains open to German employees but is now closed to new entrants, and a funded plan that was put in place from April 2019. The value of the funded plan in Germany is negligible to the Group. The Group's other defined benefit plans are located in Austria, France and Italy (referred to as "Other" in the tables below). The Group's UK defined benefit plan was bought out by Aviva in December 2021 and the Group has no further liability for the benefits accrued under that plan.

For plans in Switzerland, Germany and Austria, asset funds for each country are being accumulated to meet the accruing liabilities. The assets of each of these funds are either held under trusts or managed by insurance companies and are entirely separate from the Group's assets.

Accounting policy

Defined contribution pension plans

Payments to defined contribution pension plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit plans are treated as payments to defined contribution pension plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution pension plan.

Defined benefit pension plans

The Group records an asset or liability related to its defined benefit pension plans as the difference between the fair value of the plan assets and the present value of the plan liabilities. The obligations of the plans are calculated using the Projected Unit Credit Method, with actuarial valuations being performed by an independent actuary at the end of each reporting period. The valuation requires estimates and judgements to be made to calculate the Group's liabilities, and results in actuarial gains and losses being recorded.

Actuarial gains and losses, movements in the return on plan assets (excluding interest) and the impact of the asset ceiling (if applicable) are recognised immediately in the Consolidated Statement of Financial Position with a charge or credit to the Consolidated Statement of Comprehensive Income. Remeasurements recorded in the Consolidated Statement of Comprehensive Income are not subsequently reclassified to the Consolidated Income Statement.

Past service cost is recognised in the Consolidated Income Statement in the period of plan amendment, where relevant. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset.

The assets of the plans are held at fair value, which is equal to market value, and are held in separate trustee-administered funds or similar structures in the countries concerned. Surplus assets within the plan are only recognised to the extent that they are recoverable in accordance with IFRIC Interpretation 14, *IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (IFRIC 14).

Notes to the Consolidated Financial Statements continued

15. POST-EMPLOYMENT BENEFITS (CONTINUED)

Risks

The defined benefit plans typically expose the Group to risks. The most significant risks impacting the Group as a result of these plans are as follows:

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high-quality corporate bond yields; if the return on plan assets is below this rate, it will create a plan deficit. Currently the Group's plans invest primarily in debt instruments.
Interest risk	A decrease in the interest rate will increase the plan liability, but this will be partially offset by an increase in the return on the plan's fixed rate debt instruments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Amounts recorded in the Consolidated Financial Statements

Consolidated Income Statement

The aggregate expense for all post-employment defined benefit plans recognised in the Consolidated Income Statement for the year ended 31 December was as follows:

	2022 \$m	2021 \$m
Defined benefit plans:		
Current service cost	1.7	2.2
Past service cost	(0.2)	-
Interest income on plan assets	(0.2)	-
Interest expense on defined benefit obligations	0.4	0.2
UK pension settlement cost ¹	-	1.2
Total expense (Note 3)	1.7	3.6

1. The UK defined benefit pension scheme was bought out during the year ended 31 December 2021, with a loss on settlement of \$1.2 million recognised in the Consolidated Income Statement.

Consolidated Statement of Comprehensive Income

Aggregate actuarial gains and losses for all defined benefit plans recognised in the Consolidated Statement of Comprehensive Income for the year ended 31 December were as follows:

	2022 \$m	2021 \$m
<i>Remeasurement effect recognised in other comprehensive income:</i>		
Actuarial gain on liabilities due to experience	1.3	1.6
Actuarial gain/(loss) arising from changes in financial assumptions	8.9	(0.8)
Actuarial gain arising from changes in demographic assumptions	-	0.8
Actuarial (loss)/gain on plan assets	(1.7)	1.6
Remeasurement gain recognised in other comprehensive income	8.5	3.2
Deferred tax on remeasurement gain recognised in other comprehensive income	(0.1)	0.1
Change in pension asset restriction	-	1.3
Total amount recognised in other comprehensive income	8.4	4.6

Consolidated Statement of Financial Position

The amount recognised for each defined benefit arrangement in the Consolidated Statement of Financial Position at 31 December was as follows:

	Germany		Switzerland		Other		Total	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m
Fair value of schemes' assets	-	-	10.4	13.3	0.7	0.8	11.1	14.1
Present value of funded schemes' liabilities	-	-	(12.3)	(17.2)	(0.7)	(1.4)	(13.0)	(18.6)
Deficit in the funded schemes	-	-	(1.9)	(3.9)	-	(0.6)	(1.9)	(4.5)
Present value of unfunded schemes' liabilities	(7.4)	(12.6)	-	-	(1.7)	(2.6)	(9.1)	(15.2)
Net pension liability	(7.4)	(12.6)	(1.9)	(3.9)	(1.7)	(3.2)	(11.0)	(19.7)
Recognised within Consolidated Statement of Financial Position:								
Defined benefit obligations (Note 13)							(11.0)	(19.7)

The weighted average duration of the Group's defined benefit obligations at the end of the year is 17 years (2021: 21 years).

Fair value of assets and present value of the liabilities of the plan

The amount included in the Consolidated Statement of Financial Position arising from its obligations in respect of its defined benefit plans was as follows:

	Assets \$m	Liabilities \$m	Total \$m
At 1 January 2021	30.3	(49.8)	(19.5)
Current service cost	-	(2.1)	(2.1)
Interest income/(expense)	0.1	(0.3)	(0.2)
Remeasurement gain	0.1	1.2	1.3
Contributions by employer	0.7	-	0.7
Contributions by members	0.6	(0.6)	-
Benefits paid	(2.7)	3.0	0.3
Experience gain	-	1.9	1.9
Pension settlement	(14.4)	11.0	(3.4)
Foreign exchange	(0.6)	1.9	1.3
At 31 December 2021	14.1	(33.8)	(19.7)
Current service cost	-	(1.7)	(1.7)
Past service cost	-	0.2	0.2
Interest income/(expense)	0.2	(0.4)	(0.2)
Remeasurement gain/(loss)	(1.7)	6.5	4.8
Contributions by employer	0.6	-	0.6
Contributions by members	0.5	(0.5)	-
Benefits paid	(2.4)	2.7	0.3
Experience gain	-	3.9	3.9
Foreign exchange	(0.2)	1.0	0.8
At 31 December 2022	11.1	(22.1)	(11.0)

Plan assets

The fair value of defined benefit plan assets at 31 December, which has been determined in accordance with IFRS 13, *Fair Value Measurements*, is analysed below. All assets have a quoted market price and are categorised as a Level 1 measurement in the fair value hierarchy.

	Germany		Switzerland		Other		Total	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m
Equity instruments	-	-	3.4	4.0	-	-	3.4	4.0
Debt instruments	-	-	4.1	4.8	-	-	4.1	4.8
Property	-	-	1.6	2.0	-	-	1.6	2.0
Qualifying insurance policies	-	-	-	-	0.7	0.8	0.7	0.8
Other	-	-	1.3	2.5	-	-	1.3	2.5
Plan assets	-	-	10.4	13.3	0.7	0.8	11.1	14.1

Notes to the Consolidated Financial Statements continued

15. POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial assumptions

The Group makes certain key assumptions in order to value the plan obligations, and the approach to how these are set was as follows:

	Approach taken
Discount rate	Calculated by reference to the yields on high-quality corporate bonds which match expected cash flows in each territory in which a defined benefit plan is present.
Inflation	Calculated using the difference on yields between fixed and index-linked government bonds.
Future salary increases	Based on historical expectations and known future increases, including expected inflation rates.
Mortality	Based on mortality tables derived from assessments performed by national governments and based upon recommendations by plan actuaries.

The principal actuarial assumptions for each defined benefit arrangement used at 31 December were as follows:

	Germany		Switzerland		Other	
	2022	2021	2022	2021	2022	2021
Discount rate	3.56%	1.03%	1.90%	0.30%	3.47% to 4.05%	0.29% to 1.22%
Rate of price inflation	N/A	N/A	1.00%	0.50%	2.20% to 3.00%	1.20% to 2.00%
Future salary increases	3.00%	2.00%	1.75%	1.75%	0.00% to 3.00%	0.00% to 3.00%

Discount rates have increased in the year, driven by macroeconomic factors such as rising inflation levels, the war between Russia and Ukraine and the energy crisis.

The current mortality assumptions underlying the values of the obligations in the defined benefit plans were as follows:

	Germany		Switzerland		Other	
	2022	2021	2022	2021	2022	2021
Life expectancy at age 65						
Male	18.6 years	17.5 years	22.8 years	22.7 years	23.9 years	20.5 years
Female	22.0 years	20.9 years	24.6 years	24.5 years	27.9 years	24.0 years
Life expectancy at age 65 in 20 years' time						
Male	21.4 years	20.2 years	25.1 years	25.0 years	24.9 years	21.7 years
Female	24.3 years	23.1 years	26.6 years	26.5 years	28.9 years	25.1 years

Sensitivity analysis

The effect of movements in the key actuarial assumptions in respect of the Germany and Switzerland plans at 31 December 2022 would be an (increase)/decrease to the defined benefit asset/liabilities as follows:

	Germany		Switzerland	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	0.7	(0.7)	1.1	(0.8)
Inflation	N/A	N/A	(0.2)	0.6
Future salary increases	N/A	N/A	(0.1)	0.4
	1 year increase	1 year decrease	1 year increase	1 year decrease
Life expectancy	(0.1)	0.2	(0.1)	0.3

Future funding

Payments expected to be made by the Group to its defined benefit pension plans in the year ended 31 December 2023 are as follows:

	Germany \$m	Switzerland \$m	Other \$m	Total \$m
Expected payments	0.1	0.7	–	0.8

CAPITAL STRUCTURE AND FINANCIAL COSTS

The Group ensures that all entities within the Group have sufficient funding to deliver the Group's strategy while maximising the return to shareholders through the debt and equity balance. The capital structure of the Group consists of net debt (which includes borrowings less cash and cash equivalents and excluding lease liabilities) and equity of the Group, comprising issued capital, reserves and earnings as disclosed in the Consolidated Statement of Changes in Equity.

16. CAPITAL STRUCTURE AND NET DEBT

The capital structure of the Group at 31 December was as follows:

	2022 \$m	2021 \$m
Borrowings (Note 21)	1,211.9	1,344.6
Less: Cash and cash equivalents (Note 22)	(143.8)	(463.4)
Net debt (excluding lease liabilities)	1,068.1	881.2
Equity	1,609.7	1,694.8
Total capital	2,677.8	2,576.0

The Group's capital structure is managed to provide ongoing returns to shareholders and service debt obligations, whilst maintaining maximum operational flexibility. Refer to pages 30 to 38 in the Financial review for discussion of the Group's sources and uses of cash.

17. SHARE CAPITAL AND RESERVES

Share capital

Called up share capital is the total number of shares in issue at their par value. The rights attaching to the ordinary shares are uniform in all respects. They form a single class for all purposes, including with respect to voting and for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Group. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction from the proceeds, net of tax.

Repurchased shares are classified as own shares and are disclosed in the own shares reserve.

Share premium

The share premium represents amounts received in excess of the nominal value of the ordinary shares.

Own shares

Own shares are ordinary shares in the Group purchased and held by an Employee Benefit Trust to satisfy obligations under the Group's employee share ownership programmes.

When any Group company purchases the Company's equity share capital (own shares), the consideration paid, including any directly attributable incremental costs (net of tax), is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable costs and the related tax effects, is recognised in equity and the resulting surplus or deficit on the transaction is presented within share premium.

Merger reserve

In 2016, the Consolidated Financial Statements were prepared under merger accounting principles. Under these principles, no acquirer was required to be identified and all entities were included at their pre-combination carrying amounts. This accounting treatment led to differences on consolidation between issued share capital and the book value of the underlying net assets. This difference is included within equity as a merger reserve.

Cumulative translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Other reserves

Other reserves comprises the cumulative changes in the effective portion of cash flow hedges, cost of hedging, remeasurement of defined benefit plans and the share-based payment reserve.

Notes to the Consolidated Financial Statements continued

17. SHARE CAPITAL AND RESERVES (CONTINUED)

Share capital

Shares were allotted during the year in respect of the Group's scrip dividend offering. The movements in ordinary shares of 10 pence each were as follows:

	Ordinary shares number	Share capital \$m	Share premium \$m
Issued and fully paid or credited as fully paid			
1 January 2021	2,004,347,138	245.5	115.3
Issue of new shares for Scrip Scheme - 2020 final dividend	9,475,532	1.3	24.8
Issue of new shares for Scrip Scheme - 2021 interim dividend	750,265	0.2	2.2
	10,225,797	1.5	27.0
31 December 2021	2,014,572,935	247.0	142.3
Issue of new shares for Employee Benefit Trust	20,000,000	2.6	-
Issue of new shares for Scrip Scheme - 2021 final dividend	7,192,010	0.9	18.0
Issue of new shares for Scrip Scheme - 2022 interim dividend	2,107,103	0.2	5.4
	29,299,113	3.7	23.4
31 December 2022	2,043,872,048	250.7	165.7

At 31 December 2022, 10,975,451 shares (2021: 742,756 shares) were held in the Employee Benefit Trust. The market value of own shares at 31 December 2022 was \$30.8 million (2021: \$1.9 million).

Other reserves

Other reserves include the share-based payment reserve of \$155.0 million (2021: \$135.3 million) and remeasurement of defined benefit obligations of \$4.8 million (2021: \$3.6 million loss), a transfer between reserves of \$0.5 million (2021: nil) and the effective portion of cash flow hedges of \$4.9 million (2021: \$5.2 million loss). A reconciliation of movements in all reserves is provided in the Consolidated Statement of Changes in Equity.

Distributable reserves

Retained and realised distributable reserves equates to the retained surplus of Convatec Group Plc as set out in the Company Financial Statements on page 218. At 31 December 2022, the retained surplus of the Company was \$1,562.9 million (2021: \$1,590.3 million). The capacity of the Company to make dividend payments is primarily determined by the availability of these retained and realised distributable reserves and the Group's cash resources including available borrowing facilities.

Cumulative translation reserve

During the year to 31 December 2022, the Group disposed of a subsidiary as part of the exit from all hospital care and related industrial sales activities. The cumulative amount of exchange differences relating to this foreign operation of \$12.2 million, recognised in other comprehensive income, has been reclassified from equity to the Consolidated Income Statement, within non-operating expense (Note 5).

18. DIVIDENDS

The Group ensures that adequate realised distributable reserves are available in the Company in order to meet proposed shareholder dividends, and the purchase of shares for employee share scheme incentives. The Company principally derives distributable reserves from dividends received from subsidiary companies.

In determining the level of dividend for the year, the Board considers the following factors and risks that may influence the proposed dividend:

- The underlying performance of the business;
- The Board's confidence in the Group's future growth prospects;
- Availability of realised distributable reserves;
- Available cash resources and commitments;
- Strategic opportunities and investments, in line with the Group's strategic plan; and
- Principal risks of the Group (as disclosed on pages 92 to 97).

The Board paid the 2021 final dividend in May 2022 and the 2022 interim dividend in October 2022. The Board has taken into consideration balancing the return to shareholders with investment in the business. The decision to increase the dividend for 2022 by 3.0% reflects the Board's confidence in the future performance of the Group and the underlying financial strength, distributable reserves position and cash generation of the Group. Detail of the Group's considerations and rationale for its policy in respect of the dividend distribution is given in the Directors' report on page 162.

Accounting policy

Dividends paid are included in the Group Consolidated Financial Statements at the earlier of payment of the dividends or, in respect of the Company's final dividend for the year, on approval by shareholders.

The Company operates a scrip dividend scheme, allowing shareholders to elect to receive their dividend in the form of new fully paid ordinary shares. For any particular dividend, the Directors may decide whether or not to make the scrip offer available.

Dividends paid and proposed were as follows:

	Pence per share	Cents per share	Total \$m	Settled in cash \$m	Settled via scrip \$m	No of scrip shares issued
Final dividend 2020	2.845	3.983	79.7	53.6	26.1	9,475,532
Interim dividend 2021	1.229	1.717	34.6	32.2	2.4	750,265
Paid in 2021	4.074	5.700	114.3	85.8	28.5	10,225,797
Final dividend 2021	3.161	4.154	77.8	58.9	18.9	7,192,010
Interim dividend 2022	1.410	1.717	34.8	29.2	5.6	2,107,103
Paid in 2022	4.571	5.871	112.6	88.1	24.5	9,299,113
Final dividend 2022 proposed	3.657	4.330	88.5			

The final dividend proposed for 2022, to be distributed on 25 May 2023 to shareholders on the register at the close of business on 11 April 2023, is based upon the issued and fully paid share capital as at 31 December 2022 and is subject to shareholder approval at the Annual General Meeting on 18 May 2023. The dividend will be declared in US dollars and will be paid in Sterling at the chosen exchange rate of \$1.184/£1.00 determined on 8 March 2023.

The Company operates a scrip dividend scheme allowing shareholders to elect to receive their dividends in the form of new fully paid ordinary shares. For any particular dividend, the Directors may decide whether or not to make the scrip offer available. A scrip dividend alternative will be offered allowing shareholders to elect by 3 May 2023 to receive their dividend in the form of new ordinary shares.

The interim and final dividends for 2022 give a total dividend for the year of 6.047 cents per share, an increase of 3.0% over the prior year (2021: 5.871 cents per share).

19. SHARE-BASED PAYMENTS

The Group operates a number of plans used to award shares to Executive Directors and other senior employees as part of their remuneration package. A charge is recognised over the vesting period in the Consolidated Income Statement to record the cost of these, based on the fair value of the award at the grant date.

The Group's share-based payment schemes in place are as follows:

Long Term Incentive Plan (LTIP)

Provides Performance Share Plan (PSP) awards subject to Group performance and market conditions and Restricted Stock Units (RSU) subject only to remaining employed up to the vesting date. Details on share-based payments in relation to Executive Directors is set out on page 146.

Deferred Bonus Plan (DBP)

Provides for the grant of share awards to defer a portion of the participant's bonus as determined by the Remuneration Committee. The awards vest subject only to remaining employed up to the vesting date.

Share Plan (SP)

Provides for the grant of discretionary share awards. Awards granted in 2022 will vest to employees still employed on the vesting date.

Employee Plans

The Group also operates Employee Plans which provide eligible employees the opportunity to save up to £500 per month (or local currency equivalent) with an option to acquire shares using these savings at a 15% discount to the market price at date of grant. The Employee Plans are available to employees under the following schemes:

- *Save-As-You-Earn (SAYE)* - Available to all employees in the UK employed by participating Group companies.
- *Employee Stock Purchase Plan (ESPP)* - Available to all employees in the US.
- *International Share Save Plan* - Available to all employees in certain countries in the rest of the world.

Accounting policy

Equity-settled share-based payment awards are measured at the fair value of the award on the grant date, excluding the effect of non-market-based vesting conditions. The fair value of the awards at the date of the grant is expensed to the Consolidated Income Statement over the vesting period on a straight-line basis.

Appropriate adjustments are made to reflect expected and actual forfeitures during the vesting period due to uncertainties in satisfying service conditions or non-market performance conditions. The corresponding credit is to other reserves in the Consolidated Statement of Financial Position.

Notes to the Consolidated Financial Statements continued

19. SHARE-BASED PAYMENTS (CONTINUED)

Share-based payment expenses recognised in the Consolidated Income Statement as follows:

	2022 \$m	2021 \$m
LTIP	10.8	11.6
SP	3.0	2.1
DBP	1.6	1.4
Employee Plans	1.3	1.3
	16.7	16.4

During the year to 31 December 2022, \$16.6 million (2021: \$16.4 million) of share-based payment was equity-settled and \$0.1 million (2021: nil) was cash-settled. All amounts that were equity-settled were recognised in Other reserves, with the amounts that were cash-settled recognised through other liabilities.

Awards outstanding

The movements in the number of share and share option awards and the weighted average exercise price of share options are detailed below:

	2022		2021	
	Number of shares/ options 000's	Weighted average exercise price of options £ per share	Number of shares/ options 000's	Weighted average exercise price £ per share
Outstanding at 1 January	33,707	0.43	30,472	0.51
Granted	14,225	0.32	13,190	0.33
Forfeited	(7,728)	0.48	(8,265)	0.53
Exercised	(9,404)	0.54	(1,690)	0.46
Outstanding at 31 December	30,800	0.33	33,707	0.43
Exercisable at 31 December	993	1.33	826	1.80
Weighted average fair value of awards granted (£ per share)	-	1.18	-	1.18

The average share price during 2022 was £2.11 (2021: £2.15). The share price of the Company at 31 December 2022 was £2.33.

The range of exercise prices and the weighted average remaining contractual life of options outstanding at 31 December were as follows:

	2022 Number of shares/ options 000's	2021 Number of shares/ options 000's
Range of prices		
Nil	24,990	24,198
1.21	788	5,338
1.74	2,511	-
1.76	1,108	1,344
1.84	18	755
2.08	1,385	2,072
	30,800	33,707
Weighted average remaining contractual life of options outstanding	2.2 years	1.9 years

Valuation assumptions

All share awards granted are valued directly by reference to the share price at date of grant except:

- PSP shares awarded under the LTIP plans are subject to both market-based measures and non-market-based measures. Values under the market-based element are based on relative Total Shareholder Return (TSR) performance conditions and are valued using a Monte Carlo simulation.
- Options granted under the Employee Plans are valued using the Black-Scholes model.

The principal assumptions used in these valuations were:

	2022			2021		
	LTIP	SAYE & International Share Save Plan	ESPP	LTIP	SAYE & International Share Save Plan	ESPP
Share price at date of grant	£1.79	£2.13	£1.99	£1.92	£2.44	£2.44
Exercise price	nil	£1.74	£1.74	nil	£2.08	£2.08
Expected life	3.0 years	3.6 years	2.0 years	3.0 years	3.6 years	2.0 years
Expected volatility ¹	28.7%	28.7%	28.7%	40.6%	40.6%	40.6%
Risk-free rate	1.3%	1.3%	1.3%	0.1%	0.1%	0.1%
Dividend yield	2.5%	2.5%	2.5%	2.1%	2.1%	2.1%
Fair value	£1.03	£0.36	£0.33	£1.00	£0.54	£0.48

1. The expected volatility was determined by calculating the observed historical volatility of share prices of peer group companies (including the Company) over the expected life of the share award.

20. FINANCIAL RISK MANAGEMENT

The Group's treasury policy seeks to minimise the Group's principal financial risks. No trading or speculative transactions in financial instruments are undertaken. This note presents information about the Group's exposure to financial risks and the Group's objectives, policies and processes for measuring and managing risks.

Financial risk management objectives

Based on the global operations of the Group, management consider the key financial risks to be liquidity, foreign exchange, interest rate and counterparty credit. The management of counterparty credit risk is discussed in Note 12 - Trade and other receivables.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group manages and minimises liquidity risk by using global cash management solutions and actively monitoring both actual and projected cash outflows to ensure that it will have sufficient liquidity to meet its liabilities when due and have headroom to provide against unforeseen obligations. As at 31 December 2022, the Group held cash and cash equivalents of \$143.8 million (2021: \$463.4 million), of which 74.5% was held centrally.

On 15 November 2022, the Group refinanced its existing bank facilities with \$1.2 billion of committed bank lending, comprising a multicurrency revolving credit facility of \$950.0 million and a term loan of \$250.0 million, both with a maturity in November 2027. The Group's \$500.0 million senior unsecured notes remain in place, with maturity in October 2029. As at 31 December 2022, \$472.8 million of the multicurrency revolving credit facility remained undrawn.

Medium and long-term borrowing requirements are met through committed bank facilities and capital market funding as detailed in Note 21 - Borrowings. Short-term borrowing requirements, if necessary, may be met from drawings under the multicurrency facility.

Longer term, the Group has assessed its liquidity forecast as part of the viability assessment and its ability to continue trading as a going concern. For further detail on the Group's assessment of liquidity risk, refer to the Viability statement on pages 98 and 99.

Foreign exchange risk

As a result of the global nature of operations, the Group is exposed to market risk arising from changes in foreign currency exchange rates.

Where possible, the Group manages foreign exchange risk by matching same currency revenues and expenses. It will also denominate debt in certain currencies and use foreign exchange forward contracts and swap contracts to further minimise transactional foreign exchange risk, with certain currency contracts designated as cash flow hedges; refer to Note 23 - Financial instruments for details. As a result, the impacts of the fluctuations in the market values of assets and liabilities and the settlement of foreign currency transactions are reduced.

Notes to the Consolidated Financial Statements continued

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table summarises the exchange rates used for the translation of currencies into US dollars that have the most significant impact on the Group results:

Currency	Average rate/ Closing rate	2022	2021
USD/EUR	Average	1.05	1.18
	Closing	1.07	1.14
USD/GBP	Average	1.24	1.38
	Closing	1.20	1.35
USD/DKK	Average	0.14	0.16
	Closing	0.14	0.15

During 2022, revenue was mostly USD denominated (52%). Other significant currencies were EUR (20%), GBP (6%) and DKK (2%). The balance comprises a basket of other currencies which, on an individual basis, were each less than 2% of revenue.

Sensitivity analysis on foreign exchange risk

The sensitivity analysis below assumes a 10% strengthening of the US dollar against the principal currencies to highlight the sensitivity of profit before income taxes and total equity to translation foreign exchange risk as at 31 December, with all other variables held constant.

Currency	Sensitivity	2022 \$m	2021 \$m
<i>Increase/(decrease) in profit before income taxes</i>			
USD/GBP	+10%	4.0	0.1
USD/EUR	+10%	(12.8)	(40.6)
USD/DKK	+10%	(10.4)	(20.5)
<i>Decrease/(increase) in total equity</i>			
USD/GBP	+10%	(81.6)	(93.0)
USD/EUR	+10%	(8.1)	6.5
USD/DKK	+10%	(24.3)	(31.4)

Interest rate risk

The Group's principal exposure to interest rate risk is in relation to interest expense on borrowings made under the Group's credit facilities which attract interest at floating rates plus a fixed margin as well as any cash or investments that result in interest income at floating rates. Floating rate instruments expose the Group to interest rate cash flow and expense risk. The Group manages this exposure on a net basis within Board-approved policy parameters, including the use of interest rate swaps designated as cash flow hedges to maintain an appropriate mix between fixed and floating rate borrowings.

As at 31 December 2022, the Group's borrowings were denominated in USD and Euros. Prior to refinancing in November 2022, credit facilities exposed the Group to USD LIBOR and EURIBOR reference rates. In line with IBOR reform, the facilities executed in November 2022 referenced USD SOFR and EURIBOR. The Group's interest rate swaps of \$275.0 million as at 31 December 2022, which matured in January 2023 were referenced to USD LIBOR. As at the year end, the Group had also entered into forward starting interest rate swaps of \$180.0 million, which are effective from January 2023, and these are referred to the SOFR benchmark (see Note 23 - Financial Instruments).

IBOR Reform**Non-derivative financial liabilities**

In November 2022, the Group refinanced its bank borrowings and as a result extinguished its existing non-derivative financial liabilities linked to US LIBOR. The Group's new facilities are at floating rate and reflect IBOR reform. Whilst one of the Group's facilities is multicurrency, most borrowings are expected to be denominated in USD and EUR with the reference rates of SOFR and EURIBOR, respectively.

In July 2019, the Belgian Financial Services and Markets authority granted authorisation with respect to EURIBOR under European Union Benchmarks Regulation. This allows market participants to continue to use EURIBOR. The Group expects EURIBOR will continue as the EUR benchmark for the foreseeable future.

Derivatives

As of 31 December 2022, the Group held interest rate swaps for the purpose of risk management that are designated in cash flow hedge relationships. The floating legs of these swaps are linked to both US LIBOR and SOFR. The Group's derivatives are governed by contracts based on the master agreement of the International Swaps and Derivatives Association (ISDA).

All interest rate swaps linked to US LIBOR had a maturity of January 2023. Interest rate swaps traded after November 2022 have a floating rate linked to SOFR, aligned with the Group's facilities. See Note 23 - Financial Instruments.

Hedge accounting

At the date of refinancing, the Group's existing bank borrowings were extinguished and replaced with drawings under the new facilities. Existing cash flow hedges were maintained as the underlying interest rate risk still existed and the hedging relationships continued to fulfil the requirements of IFRS 9.

Swaps with floating legs linked to SOFR have also been designated as cash flow hedges and will provide interest rate risk management beyond January 2023.

Sensitivity analysis on interest rate risk

Based on the composition and the terms of the Group's borrowings as at 31 December 2022, and including the 0% interest rate floor and after the effect of the interest rate swaps and cash, if interest rates were to increase or decrease by 100 basis points, the interest expense on borrowings would increase by \$4.0 million (2021: \$0.1 million) or decrease by \$4.0 million (2021: \$2.3 million increase) assuming that all other variables remain constant and excluding any effect of tax. In 2021, the impact of the interest rate decrease is limited due to the 0% interest floor on the borrowings.

21. BORROWINGS

The Group's sources of borrowing for funding and liquidity purposes derive from senior notes and credit facilities, including a committed revolving credit facility.

In November 2022, the Group refinanced its bank facilities with \$1.2 billion committed for a five-year term. The Group's 2029 unsecured senior notes of \$500.0 million remain in place.

Accounting policy

Borrowings are recognised at fair value less directly attributable costs on the date that they are entered into and subsequently measured at amortised cost using the effective interest rate method. Borrowing costs directly attributable to the facility are capitalised and amortised over the period of the loan.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Borrowings are classified as non-current when the repayment date is more than 12 months from the period-end date or where they are drawn on a facility with more than 12 months to expiry.

The Group derecognises borrowings when its contractual obligations are discharged, terminated or expired.

Fair value measurement

Borrowings are classified as Level 1 or Level 2 in the fair value hierarchy in accordance with IFRS 13, Fair Value Measurements, based upon the degree to which the fair value movements are observable.

The Group's borrowings as at 31 December were as follows:

	Currency	Year of maturity	2022 Face value \$m	2021 Face value \$m
Revolving Credit Facility ¹	USD/Euro	2027	477.2	-
Term Loan	USD	2027	250.0	-
Senior Notes	USD	2029	500.0	500.0
Revolving Credit Facility	Multicurrency	2024	-	-
Term Loan Facility A ²	USD/Euro	2024	-	461.2
Term Loan Facility B ³	USD/Euro	2024	-	396.7
Interest-bearing borrowings			1,227.2	1,357.9
Financing fees ⁴			(15.3)	(13.3)
Total carrying value of borrowings			1,211.9	1,344.6
Current portion of borrowings			-	144.8
Non-current portion of borrowings			1,211.9	1,199.8

1. Included within the Revolving Credit Facility was €145.0 million (\$155.2 million) at 31 December 2022 (2021: nil), representing 32.5% of RCF debt denominated in Euros and 67.5% denominated in US dollars.

2. Included within Term Loan Facility A as at 31 December 2021 was €78.4 million (\$89.2 million) representing 19% of the loan denominated in Euros and 81% denominated in US dollars.

3. Included within Term Loan Facility B as at 31 December 2021 was €67.5 million (\$76.7 million), representing 19% of the loan denominated in Euros and 81% denominated in US dollars.

4. Financing fees of \$15.3 million (2021: \$13.3 million) related to the remaining unamortised fees incurred on the credit facilities of \$8.4 million (2021: \$5.4 million) and on the senior notes of \$6.9 million (2021: \$7.9 million).

Notes to the Consolidated Financial Statements continued

21. BORROWINGS (CONTINUED)**Credit facilities**

The credit facilities held by the Group are committed and available for the refinancing of certain existing financial indebtedness and general corporate purposes. On 15 November 2022, the Group refinanced its credit facilities. The original facilities, maturing in October 2024 and, consisting of two five-year multicurrency term loans totalling \$1.5 billion and an undrawn \$200.0 million multicurrency revolving credit facility, were settled and extinguished respectively on refinancing. During the year and until the refinancing activity, \$27.5 million (2021: \$88.4 million) was repaid in accordance with the repayment schedule for the original facilities.

The new credit facility for \$1.2 billion comprises of a \$250.0 million term loan and a \$950.0 million multicurrency revolving credit facility, both committed for a five-year term. As at 31 December 2022, the term loan was fully drawn and \$477.2 million of the revolving credit facility was drawn, with \$472.8 million undrawn.

Transaction costs directly attributable to the refinancing have been capitalised and are amortised over the term of the facility using the effective interest rate method. Unamortised deferred financing fees of \$2.7 million associated with the previous credit agreement have been written off to the Consolidated Income Statement in 2022 (refer to Note 25 - Finance income and expense).

The principal financial covenants are based on a permitted net debt to covenant-adjusted EBITDA¹ ratio and interest cover test as defined in the credit facilities agreement. Testing is required on a semi-annual basis, at June and December, based on the last 12 months' financial performance. At 31 December 2022, the permitted net debt to covenant-adjusted EBITDA¹ ratio was a maximum of 3.50 times and the interest cover a minimum of 3.50 times, terms as defined by the credit facilities agreement. In accordance with the credit facilities agreement, the net debt to covenant-adjusted EBITDA¹ ratio can increase to a maximum 4.00 times for permitted acquisitions or investments.

Senior notes

Unsecured senior notes of \$500.0 million were issued on 7 October 2021 with a maturity date of 15 October 2029 at a coupon rate of 3.875% per annum, payable semi-annually and, except for certain options redemption conditions, is not redeemable at the issuer's option prior to 7 October 2024. The Group's refinancing activity did not affect the senior notes.

The senior notes are subject to a financial covenant which is an interest cover test (minimum of 2 times) as defined in the indenture. Testing is required annually based on the last 12 calendar months' financial performance.

Financial covenants

The Group was in compliance with all financial and non-financial covenants at 31 December 2022, with significant available headroom on the financial covenants (in excess of \$588.0 million debt headroom on net debt to covenant-adjusted EBITDA¹).

Excluding the impact of interest rate swaps, the weighted average interest rate on borrowings for the year ended 31 December 2022 was 3.4% (2021: 2.0%). The increase in the weighted average interest rate was due to rising underlying reference base rates on debt with floating rates and a full year of interest on the senior notes issued in 2021.

Borrowings not measured at fair value

The senior notes are listed and their fair value at 31 December 2022 of \$430.8 million (2021: \$507.7 million) has been obtained from quoted market data and therefore categorised as a Level 1 measurement in the fair value hierarchy under IFRS 13, *Fair Value Measurements*. For the Group's other borrowings, the fair value is based on discounted cash flows using a current borrowing rate and is categorised as a Level 2 measurement. At 31 December 2022, the estimated fair value of the Group's other borrowings was \$762.4 million (2021: \$847.3 million).

1. Covenant-adjusted EBITDA is calculated based on terms as defined in the credit facilities agreement. This is different to adjusted EBITDA, which is an alternative performance measure (APM) as disclosed on pages 224 to 228.

Maturity of financial liabilities^S

The contractual undiscounted future cash flows, including contractual interest payments, related to the Group's financial liabilities were as follows:

	Contractual cash flows						Total \$m	Carrying amount \$m
	Within 1 year or on demand \$m	1 to 2 years \$m	2 to 3 years \$m	3 to 4 years \$m	4 to 5 years \$m	More than 5 years \$m		
At 31 December 2022								
Borrowings	57.5	55.2	50.8	50.2	777.8	538.8	1,530.3	1,211.9
Lease liabilities (Note 24)	22.7	17.8	13.1	9.8	7.9	94.2	165.5	88.3
Trade and other payables (Note 13)	346.6	-	-	-	-	-	346.6	346.6
<i>Derivative financial instruments (Note 23)</i>								
Derivative financial instruments payable	1,919.8	6.3	1.2	-	-	-	1,927.3	32.5
Derivative financial instruments receivable	1,912.5	6.9	1.0	-	-	-	1,920.4	26.6
At 31 December 2021								
Borrowings	184.7	182.0	591.2	19.4	19.4	558.1	1,554.8	1,344.6
Lease liabilities (Note 24)	22.6	19.4	14.7	10.9	8.3	28.4	104.3	90.5
Trade and other payables (Note 13)	342.5	-	-	-	-	-	342.5	342.5
<i>Derivative financial instruments (Note 23)</i>								
Derivative financial instruments payable	1,723.4	2.9	-	-	-	-	1,726.3	14.6
Derivative financial instruments receivable	1,726.3	-	-	-	-	-	1,726.3	15.1

Reconciliation of movement in borrowings

	2022 \$m	2021 \$m
Borrowings at 1 January	1,344.6	1,456.4
Repayment of borrowings ¹	(842.5)	(583.9)
Proceeds of new borrowings, net of financing fees ²	714.2	491.8
Foreign exchange	(11.0)	(26.5)
Non-cash movements ³	6.6	6.8
Borrowings at 31 December	1,211.9	1,344.6

1. In the year ended 31 December 2022, repayment of borrowings included the scheduled repayment instalment on Term Loan Facility A of \$27.5 million (2021: \$88.4 million) and the full repayment of all term loans facilities of \$815.0 million as part of the refinancing activity.
2. On 15 November 2022, the Group entered into new revolving credit facilities and term loan facility. The transaction costs in respect of the refinancing activities were \$8.6 million. For the year ended 31 December 2021, 180 Medical, Inc. a wholly owned subsidiary of the Group, issued 8-year, non-call for 3 years unsecured senior notes of \$500.0 million in accordance with Rule 144A and Regulation S [under the Securities Act]. Transaction costs in respect of the issuance were \$8.2 million.
3. Non-cash movements were in respect of the amortisation of deferred financing fees associated with the borrowings and the \$2.7 million write-off of the remaining unamortised deferred financing fees following early termination of the Group's previous credit facilities.

Notes to the Consolidated Financial Statements continued

22. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Cash held at bank is used for the Group's day-to-day operations. The Group utilises bank deposits or money market funds which have a maturity of three months or less as liquid investments that enable short-term liquidity requirements to be met.

Accounting policy

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions. All liquid investments, including term deposits and money market funds, have original maturities of three months or less, are subject to insignificant risk of changes in value and are repayable within one business day with no significant loss of interest, resulting in classification as cash equivalents.

Cash at bank earns interest at rates based on daily bank deposit rates. Term deposits and money market funds earn interest at the respective short-term deposit rate.

Cash and cash equivalents at 31 December 2022 included \$19.2 million (2021: \$37.5 million) of cash held in territories where there are restrictions related to timely repatriation. The amounts meet the definition of cash and cash equivalents but are not deemed to be readily available for general use by the wider Group.

Consolidated Statement of Cash Flows

Under certain circumstances, the Group utilises bank overdrafts to manage temporary fluctuations in cash positions. The bank overdrafts are repayable on demand, used as part of the Group's overall cash management strategy and form part of cash and cash equivalents for the purpose of the Consolidated Statement of Cash Flows. The Group had no bank overdrafts as at 31 December 2022 or 31 December 2021.

The Group reports cash flows from operating activities using the indirect method in accordance with IAS 7, *Statement of Cash Flows*. The Group has elected to classify net interest paid (including interest on lease liabilities) as cash flows from operating activities. Short-term lease payments and payments for leases of low-value assets are included in cash flows from operating activities.

Changes in working capital assets and liabilities as reported in cash flows from operating activities reflect the changes in the Consolidated Statement of Financial Position between the current and previous financial year end, including adjustments for amounts relating to acquisitions and disposals (when necessary), as well as currency translation adjustments.

Cash payments for the principal portion of lease liabilities is included within cash flows from financing activities.

Acquisition of property, plant and equipment, and intangible assets reflects additions to the related assets, including adjustments for changes in capital accruals. Acquisition of intangible assets relates to capitalised software, development and product-related licences. Refer to Note 9 - Intangible assets and goodwill for further details.

The adjustment for non-operating expense, net in the Consolidated Statement of Cash Flows, excludes the gains and losses realised on cash-settled derivative financial instruments. Refer to Note 5 - Non-operating (expense)/income, net.

Restricted cash

In certain instances, there are requirements to set aside cash to support payment guarantees and obligations, including the payment of value-added taxes, custom duties on imports, tender programmes and lease arrangements. Such amounts are classified by the Group as restricted cash, which do not form part of cash and cash equivalents. Cash paid into escrow, arising from a business combination, is also classified as restricted cash.

	2022 \$m	2021 \$m
Cash at bank and in hand	42.6	69.5
Money market funds and bank deposits	101.2	393.9
Cash and cash equivalents	143.8	463.4
	2022 \$m	2021 \$m
Restricted cash - current ¹	18.2	0.4
Restricted cash - non-current	7.3	13.6
Total restricted cash	25.5	14.0

1. In the prior year, restricted cash with a maturity of less than one year of \$0.4 million is included in Trade and other receivables.

Current restricted cash of \$18.2 million (2021: \$0.4 million) relates to cash held in escrow in respect of the Cure Medical, Patient Care Medical and Triad Life Sciences acquisitions.

Included in non-current restricted cash of \$7.3 million (2021: \$13.6 million) is \$4.0 million (2021: \$9.7 million) relating to cash held in escrow in respect of the above acquisitions. The remaining balance of \$3.3 million (2021: \$3.9 million) relates to amounts held in respect of guarantees and the Group's Share Save scheme for employees. None of these amounts are accessible on demand.

23. FINANCIAL INSTRUMENTS

A derivative financial instrument is a contract that derives its value from the performance of an underlying variable, such as foreign exchange rates or interest rates. The Group uses derivative financial instruments to manage foreign exchange and interest rate risk arising from its operations and financing. Derivative financial instruments used by the Group are foreign exchange forwards and interest rate swaps.

The Group utilises interest rate swap agreements, designated as cash flow hedges, to manage its exposure to variability in expected future cash outflows attributable to the changes in interest rates on the Group's committed borrowing facilities.

Accounting policy

Derivative financial instruments are initially recognised at fair value on the derivative contract date and are remeasured at their fair value at subsequent reporting dates. Derivative financial instruments are classified at fair value through profit or loss (FVTPL) unless they are designated and qualify as an effective cash flow hedge. The fair value of forward foreign exchange contracts is determined by using the difference between the contract exchange rate and the quoted forward exchange rate from third parties at the reporting date.

Hedge accounting

The Group has elected to apply the IFRS 9, *Financial Instruments* hedge accounting requirements. Changes in the fair values of derivatives designated as cash flow hedges are recognised in other comprehensive income to the extent the hedges are effective. The fair value is the estimated amount that the Group would receive or pay to terminate the forward or swap at the reporting date, taking into account current market rates, the Group's current creditworthiness, as well as that of the financial instrument counterparties.

The cumulative gain or loss is then reclassified to the Consolidated Income Statement in the same period when the relevant hedged transaction is realised. Any ineffectiveness on hedging instruments is recognised in the Consolidated Income Statement as they arise. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in the cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is immediately reclassified to profit or loss. Gains and losses arising from forward points and foreign currency basis spreads are excluded from designation and are treated as a cost of hedging, deferred initially in other equity reserves and released into profit or loss over the life of the hedging relationship.

The Group held USD interest rate swaps of \$275.0 million, with exposure to USD LIBOR as a reference rate and maturing in January 2023. New USD interest rate swaps of \$180.0 million were entered during 2022 with an effective date of 23 January 2023, with exposure to USD SOFR as a reference rate and maturing at various points in the next two years. These have been designated as cash flow hedges through other comprehensive income. In assessing hedge effectiveness on a prospective basis for this relationship, the Group has assumed that the USD LIBOR-related interest cash flows on the swap are not altered by IBOR reform and the hedge continues to be highly effective. Furthermore, hedge accounting did not need to be discontinued during the period of IBOR-related uncertainty as the Group had taken the relief available in Phase 1 to separately identify the risk component at the initial hedge designation and not on an ongoing basis.

At the date of refinancing, the Group's existing bank borrowings were extinguished and replaced with drawings under the new facilities. Existing cash flow hedges were maintained as the underlying interest rate risk still existed and the hedging relationships continued to fulfil the requirements of IFRS 9. Swaps with floating legs linked to SOFR have also been designated as cash flow hedges and will provide interest rate risk management beyond January 2023.

Right to offset

Financial assets and liabilities are offset and the net amount presented in the Consolidated Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Fair value measurement

Financial instruments are classified as Level 1, Level 2 or Level 3 in the fair value hierarchy in accordance with IFRS 13, *Fair Value Measurements*, based upon the degree to which the fair value movements are observable. Level 1 fair value measures are defined as those with quoted (unadjusted) market prices in active markets for identical assets or liabilities. Level 2 fair value measurements are defined as those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (prices from third parties) or indirectly (derived from third-party prices). Level 3 fair value measurements are defined as those derived from significant unobservable inputs.

The only instrument classified as Level 1 are the senior notes, given the availability of quoted market price (Note 21 - Borrowings). The Group's derivative financial instruments, discussed below, are classified as Level 2, and the Group's equity investment in preference shares is classified as Level 3 (Note 10 - Investment in financial assets).

Notes to the Consolidated Financial Statements continued

23. FINANCIAL INSTRUMENTS (CONTINUED)

The Group holds interest rate swap agreements to fix a proportion of variable interest on US dollar-denominated debt, in accordance with the Group's risk management policy. The interest rate swaps are designated as hedging instruments in a cash flow hedging relationship.

In accordance with Group policy, the Group uses forward foreign exchange contracts, designated as cash flow hedges, to hedge certain forecast third-party foreign currency transactions. When a commitment is entered into, a layered approach is taken when hedging the currency exposure, ensuring that no more than 100% of the transaction exposure is covered. The currencies hedged by forward foreign exchange contracts are US dollars, Swiss francs, Pound sterling, Danish krone and Japanese yen.

The Group further utilises foreign exchange contracts and swaps classified as FVTPL to manage short-term foreign exchange exposure.

Cash flow hedges

The fair values are based on market values of equivalent instruments at 31 December. The following table presents the Group's outstanding interest rate swaps, which were designated as cash flow hedges at 31 December:

	Effective date	Maturity date	2022		2021	
			Notional amount \$m	Fair value ¹ assets/ (liabilities) \$m	Notional amount \$m	Fair value ¹ assets/ (liabilities) \$m
3 Month LIBOR Float to Fixed Interest Rate Swap	24 Jan 2020	24 Jan 2023	275.0	2.0	275.0	(2.9)
6 Month term SOFR Float to Fixed Interest Rate Swap	23 Jan 2023	23 Jan 2024	90.0	0.2	-	-
6 Month term SOFR Float to Fixed Interest Rate Swap	23 Jan 2023	23 July 2024	40.0	-	-	-
6 Month term SOFR Float to Fixed Interest Rate Swap	23 Jan 2023	23 Jan 2025	50.0	(0.3)	-	-

1. The fair values of the interest rate swaps were disclosed in non-current derivative financial liabilities in the Consolidated Statement of Financial Position. There was no ineffectiveness recognised in the Consolidated Income Statement.

Foreign exchange forward contracts

The following table presents the Group's outstanding foreign exchange forward contracts valued at FVTPL and foreign currency forward contracts designated as cash flow hedges, disclosed in current derivative financial assets and liabilities, at 31 December:

	Term	2022		2021	
		Notional amount \$m	Fair value asset/ (liabilities) \$m	Notional amount \$m	Fair value assets/ (liabilities) \$m
Foreign exchange contracts	≤ 3 months	996.6	21.3	864.6	14.5
Foreign currency forward exchange contracts designated as cash flow hedges	≤ 12 months	72.7	3.1	40.8	0.6
Derivative financial assets		1,069.3	24.4	905.4	15.1
Foreign exchange contracts	≤ 3 months	703.7	(30.2)	695.9	(6.5)
Foreign currency forward exchange contracts designated as cash flow hedges	≤ 12 months	132.8	(2.3)	130.2	(5.2)
Derivative financial liabilities		836.5	(32.5)	826.1	(11.7)

During the year ended 31 December 2022, the Group realised a net gain of \$15.8 million (2021: \$9.7 million loss) on foreign exchange forward contracts designated as FVTPL in non-operating expenses, net, (Note 5) in the Consolidated Income Statement.

Impact of hedging on other comprehensive income

The following table presents the impact of hedging on other comprehensive income:

	2022 \$m	2021 \$m
Recognised in other comprehensive income:		
Effective portion of changes in fair value of cash flow hedges:		
Interest rate swaps	3.3	(1.0)
Foreign currency forward exchange contracts designated as cash flow hedges	(11.0)	(4.1)
Changes in fair value of cash flow hedges reclassified to the Consolidated Income Statement	16.5	5.7
Cost of hedging	(1.1)	(0.4)
Total	7.7	0.2

24. LEASES

The Group principally leases real estate and vehicles. Leases are recognised as a right-of-use asset with a corresponding liability recorded at the date at which the leased asset is available for use by the Group.

Accounting policy

The lease liability is measured at the present value of future lease payments discounted using the rate implicit in the lease. If this rate is not readily determinable, the Group uses its incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Options such as lease extensions or terminations on lease contracts are considered on a case-by-case basis by regular management assessment.

Each lease payment is allocated between amounts paid for principal and interest. The interest cost is charged to the Consolidated Income Statement over the lease term to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated on a straight-line basis over the lease term.

Payments associated with short-term leases and low-value leases are recognised on a straight-line basis as an expense in the Consolidated Income Statement. Short-term leases are leases with a lease term of 12 months or less and low-value leases comprise of leases with an underlying asset value of less than \$5,000. Expenses recognised for these short-term and low-value leases for the year ended 31 December 2022 were \$3.9 million (2021: \$2.8 million).

The movements in right-of-use assets were as follows:

	Real estate and other \$m	Vehicles \$m	Total \$m
As at 1 January 2021	70.3	15.5	85.8
Lease additions	17.1	7.8	24.9
Acquisitions	0.7	-	0.7
Leases terminated	(0.4)	(1.1)	(1.5)
Depreciation of right-of-use assets	(14.5)	(8.3)	(22.8)
Foreign exchange	(2.9)	(0.6)	(3.5)
As at 31 December 2021	70.3	13.3	83.6
Lease additions	12.3	8.4	20.7
Acquisitions (Note 26)	2.2	-	2.2
Leases terminated	(1.4)	0.1	(1.3)
Depreciation of right-of-use assets	(14.7)	(7.4)	(22.1)
Foreign exchange	(3.1)	(0.6)	(3.7)
As at 31 December 2022	65.6	13.8	79.4

Movements in lease liabilities were as follows:

	2022 \$m	2021 \$m
Lease liabilities as at 1 January	90.5	92.1
Lease additions	21.0	24.9
Acquisitions	2.9	0.7
Payment of lease liabilities	(20.7)	(22.0)
Leases terminated	(1.2)	(1.5)
Interest expense on lease liabilities (Note 25)	3.3	3.8
Interest paid on lease liabilities	(3.3)	(3.8)
Foreign exchange	(4.2)	(3.7)
Lease liabilities as at 31 December	88.3	90.5

Total cash outflow of lease liabilities including interest for the year ended 31 December 2022 was \$24.0 million (2021: \$25.8 million). Interest paid during the year was \$3.3 million (2021: \$3.8 million).

Lease liabilities by category at 31 December were as follows:

	2022			2021		
	Real estate and other \$m	Vehicles \$m	Total \$m	Real estate and other \$m	Vehicles \$m	Total \$m
Current	13.8	6.5	20.3	13.2	6.5	19.7
Non-current	60.6	7.4	68.0	64.0	6.8	70.8
Total	74.4	13.9	88.3	77.2	13.3	90.5

Notes to the Consolidated Financial Statements continued

24. LEASES (CONTINUED)

The maturity of lease liabilities at 31 December was as follows:

	2022			2021		
	Real estate and other \$m	Vehicles \$m	Total \$m	Real estate and other \$m	Vehicles \$m	Total \$m
Within 1 year	13.8	6.5	20.3	13.2	6.5	19.7
1 to 2 years	12.3	4.2	16.5	12.7	4.1	16.8
2 to 3 years	9.5	2.3	11.8	10.7	2.0	12.7
3 to 4 years	8.1	0.7	8.8	8.5	0.6	9.1
4 to 5 years	7.2	0.1	7.3	6.8	0.1	6.9
5 to 10 years	23.5	0.1	23.6	24.2	-	24.2
More than 10 years	-	-	-	1.1	-	1.1
Total	74.4	13.9	88.3	77.2	13.3	90.5

The undiscounted contractual cash flows in relation to the maturity of leases liabilities have been disclosed in Note 21 - Borrowings.

25. FINANCE INCOME AND EXPENSE

Finance expenses arise from interest on the Group's borrowings and lease liabilities. Finance income arises from interest earned on investment of surplus cash.

Accounting policy

Finance expenses, including the transaction costs for borrowings and any discount or premium on issue, are recognised in the Consolidated Income Statement using the effective interest rate method.

When existing debt is derecognised in the financial statements any transaction costs not amortised are recognised immediately in the Consolidated Income Statement.

Upon derecognition of financial liabilities, any unamortised financing fees are recognised immediately in the Consolidated Income Statement.

Interest related to qualifying assets under construction included within PP&E is capitalised (refer to Note 8 - Property, plant and equipment).

Refer to Note 24 - Leases for accounting policy on interest expense on lease liabilities.

Interest arising from interest rate swaps is recorded as either interest income or expense over the term of the agreement. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in the cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

Finance costs, net for the year ended 31 December were as follows:

	2022 \$m	2021 \$m
Finance income		
Interest income on cash and cash equivalents	5.5	0.8
Total finance income	5.5	0.8
Finance expense		
Interest expense on borrowings	(46.4)	(29.2)
Other financing-related fees ¹	(8.2)	(8.1)
Interest expense on interest rate derivatives	(1.4)	(3.8)
Interest expense on lease liabilities	(3.3)	(3.8)
Capitalised interest ²	2.0	0.6
Unwinding of discount ³	(15.6)	-
Other finance costs	(0.3)	-
Total finance expense	(73.2)	(44.3)
Finance costs, net	(67.7)	(43.5)

1. Other financing-related fees include the amortisation of deferred financing fees associated with the multicurrency revolving credit facilities, term loan facilities and senior notes. This also includes \$2.7 million of deferred financing fees related to the early termination of the Group's previous credit agreement.

2. Capitalised interest was calculated using the Group's weighted average interest rate over the year of 3.4% (2021: 2.0%).

3. The unwinding of discount is in respect of the contingent consideration payable in relation to the Triad Life Sciences and Cure Medical acquisitions. Refer to Note 26 - Acquisitions.

26. ACQUISITIONS

During the year to 31 December 2022, the Group completed the acquisition of Triad Life Sciences Inc, a US-based medical device company.

This note provides details of the transaction and the acquisition accounting that has been recorded to reflect the fair value of assets acquired and liabilities assumed as well as the intangible assets and goodwill recognised upon acquisition. This note also provides details of any fair value changes identified post-acquisition in respect of previous acquisitions that the Group has completed.

Accounting policy

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method of accounting. Consideration transferred in respect of an acquisition is measured at the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed on the date of the acquisition. Identified assets acquired and liabilities assumed are measured at their respective acquisition-date fair values.

The excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired is recorded as goodwill. If the fair value of the identifiable net assets acquired is greater than the fair value of the consideration given, the excess is recognised immediately in the Consolidated Income Statement as a bargain purchase gain. Acquisition-related costs are expensed as incurred.

The operating results of the acquired business are reflected in the Group's Consolidated Financial Statements from the date of acquisition.

Triad Life Sciences Inc (Triad Life Sciences)

Description of the transaction

On 14 March 2022, the Group completed its acquisition of 100% of the share capital of Triad Life Sciences Inc. The acquisition of Triad Life Sciences strengthens the Group's Advanced Wound Care position in the US, securing access to a complementary and innovative technology platform that enhances advanced wound management and patient outcomes.

In addition to the initial consideration of \$125.3 million, the sellers may earn contingent consideration up to a maximum of \$325.0 million, in the form of (i) two additional payments of \$25.0 million each relating to short-term milestones; and (ii) two earnout payments conditional on performance during year 1 and year 2 post completion, with the maximum earnout for these two payments totalling \$275.0 million based on stretching financial performance over the period.

The discounted fair value of the contingent consideration at the date of acquisition was \$141.8 million, of which \$25.0 million was paid in April 2022 and a further \$25.0 million paid in October 2022 following attainment of the first and second short-term milestones. The earnout payments are due to be paid within three years of the acquisition date, subject to achieving the specified targets.

Following completion of the initial acquisition accounting, any changes in the fair value of the contingent consideration at each reporting date will be recorded in the Consolidated Income Statement in accordance with the Group's accounting policies. This is explained further on in this note.

Notes to the Consolidated Financial Statements continued

26. ACQUISITIONS (CONTINUED)

Assets acquired and liabilities assumed

The transaction meets the definition of a business combination and has been accounted for under the acquisition method of accounting. The following table summarises the provisional fair values of the assets acquired and liabilities assumed as of the acquisition date:

	Triad Life Sciences Provisional \$m
Non-current assets	
Property, plant & equipment	0.5
Right-of-use assets	2.2
Intangible assets - Product-related	154.8
Current assets	
Trade and other receivables	4.7
Inventories	10.8
Cash and cash equivalents	15.9
Total assets acquired	188.9
Non-current liabilities	
Lease liabilities	(2.7)
Deferred tax liabilities	(32.3)
Current liabilities	
Trade and other payables	(2.6)
Lease liabilities	(0.2)
Total liabilities assumed	(37.8)
Net assets acquired	151.1
Goodwill	129.9
Total	281.0
Initial cash consideration	125.3
Deferred purchase consideration paid into escrow ¹	13.8
Working capital adjustment ²	0.1
Contingent consideration	141.8
Total consideration	281.0

	Provisional \$m
Analysis of cash outflow in the Consolidated Statement of Cash Flows	
Initial cash consideration	125.3
Deferred purchase consideration paid into escrow ¹	13.8
Cash and cash equivalents acquired	(15.9)
Working capital adjustment ²	0.1
Net cash outflow from acquisitions, net of cash acquired	123.3

- \$13.8 million was paid on closing into escrow as security and indemnity by the seller for its obligations under the Merger Agreement. \$1.3 million was released in December 2022 to the sellers following agreement of the closing statement. It is expected that the remaining balance will be released within the next 12 months subject to the terms of the Merger Agreement.
- This is the Group's calculation of the working capital adjustment and forms part of the initial consideration. The final amount was determined in accordance with the terms of the Merger Agreement and this was finalised and paid by the reporting date.

The fair values of the assets acquired and liabilities assumed are provisional at 31 December 2022. The Group will finalise these amounts as it obtains the information necessary to complete the measurement process. Any changes resulting from facts and circumstances that existed as of the acquisition date may result in retrospective adjustments to the provisional amounts recognised at the acquisition date. The Group will finalise these amounts no later than one year from the acquisition date.

As part of the acquisition accounting, a \$10.2 million fair value adjustment was applied to the carrying value of inventory held at the acquisition date. The fair value adjustment relates to work-in-progress and finished goods and was calculated as the estimated selling price less costs to complete and sell the inventory, associated margins on these activities, and holding costs. As at 31 December 2022, \$8.7 million has been expensed to cost of goods sold in the Consolidated Income Statement as these have been sold. The remaining fair value uplift of \$1.5 million is expected to be released over the next 6 to 12 months, in line with forecast revenues.

The fair value of trade and other receivables amounts to \$4.7 million, with a gross contractual amount of \$7.0 million. At the acquisition date, the Group's best estimate of the contractual cash flows expected not to be collected amounts to \$2.3 million.

The goodwill recorded, which is not deductible for tax purposes, represents the cost savings, operating synergies and future growth opportunities expected to result from combining the operations of Triad Life Sciences with those of the Group. The Triad Life Sciences acquisition is included in the Advanced Wound Care CGU group.

Fair value of contingent consideration at reporting date

The two short-term milestones were achieved and paid during the year ended 31 December 2022. As at 31 December 2022, management reviewed the fair value of the remaining contingent consideration since the acquisition date, based on the most recent Board-approved strategic plan and forecast information. Consequently, the discounted fair value of the remaining contingent consideration was increased by \$23.7 million since the amount recognised at 30 June 2022, and was recognised in non-operating expenses in the Consolidated Income Statement (see Note 5 - Non-operating (expense)/income, net). The amount of discount unwind recognised in the Consolidated Income Statement during 2022 was \$15.3 million and shown within finance expenses (see Note 25 - Finance income and expense). The discounted fair value of the remaining contingent consideration as at 31 December 2022 was \$130.8 million. Refer to Note 14 - Provisions for the movement in the contingent consideration during the year.

Management have determined that the potential range of discounted outcomes within the next financial year is between \$85.2 million and \$230.8 million, from a maximum undiscounted contingent consideration of \$275.0 million.

Acquisition-related costs

The Group incurred \$2.4 million of acquisition-related costs directly related to the Triad Life Sciences acquisition in the year ended 31 December 2022, primarily in respect of legal and advisers' fees. The acquisition-related costs have been recognised in general and administrative expenses in the Consolidated Income Statement.

Revenue and profit

The revenue of Triad Life Sciences for the period from the acquisition date to 31 December 2022 was \$34.8 million and net profit for the period was \$5.8 million, before recognising acquisition-related intangible asset amortisation charge of \$9.2 million and the inventory fair value uplift release of \$8.7 million. If the acquisition had been completed on 1 January 2022, reported Group revenue would have been \$4.4 million higher and Group profit for the year would have been \$0.9 million lower, before recognising acquisition-related intangible asset amortisation charges of \$2.0 million.

Cure Medical LLC (Cure Medical)

On 15 March 2021, the Group acquired 100% of the share capital of Cure Medical.

During 2022, management reviewed the expectation of the contingent consideration based on the most recent Board-approved strategic plan and forecast information. The Cure Medical business has outperformed its performance targets to date and forecast financial performance was expected to exceed the original expectations. Consequently, the discounted fair value of the contingent consideration has been revised from \$3.1 million to \$8.9 million during the year and the remeasurement charge of \$5.8 million has been recognised in non-operating expenses in the Consolidated Income Statement (see Note 5 - Non-operating (expense)/income, net). The amount of discount unwind recognised in the Consolidated Income Statement during 2022 was \$0.3 million and shown within finance expenses (see Note 25 - Finance income and expense). The discounted fair value of the contingent consideration as at 31 December 2022 was \$9.2 million. Refer to Note 14 - Provisions for the movement in the contingent consideration during the year.

This is due to be paid within three years of the acquisition date, subject to the terms of the Share Purchase Agreement.

27. DIVESTITURES

During the year ended 31 December 2022, the Group withdrew from its hospital care activities and related industrial sales.

Accounting policy

A divestiture or disposal occurs when the Group ceases to control a subsidiary, business or trade and assets associated with a specific product line or class of business. Consideration received in respect of a divestiture is measured at fair value, and all associated assets and liabilities are derecognised at the date control is transferred. The difference between the carrying value of the net assets divested and the fair value of consideration received is recorded as a gain or loss on divestiture in the Consolidated Income Statement.

Foreign exchange translation gains or losses relating to subsidiaries that the Group has divested, and that have previously been recorded in other comprehensive income or expense, are also recognised as part of the gain or loss on divestiture.

The operating results of the divested subsidiary, business or product line cease to be included in the Group's Consolidated Financial Statements from the date of divestiture.

Notes to the Consolidated Financial Statements continued

27. DIVESTITURES (CONTINUED)

Exit from hospital care and industrial sales activities

On 12 May 2022, following a strategic review, it was announced that the Group would be withdrawing from its hospital care activities and related industrial sales during 2022. This does not represent a separate major line of business or component of the Group.

As a result of the exit from the hospital care and industrial sales activities, the Group recognised impairment losses in the year ended 31 December 2022 in relation to the following:

- \$8.1 million was recognised, within other operating expenses, as an impairment to property, plant and equipment, primarily in relation to manufacturing equipment in Belarus and Slovakia.
- \$4.3 million was recognised, within other operating expenses, as an impairment to product-related intangible assets.
- \$13.4 million was recognised, within cost of sales, in relation to the write-off of inventories and provision for those which are not expected to be sold.

In addition, the Group recognised \$7.3 million of severance costs, of which \$1.2 million remains as a provision as at 31 December 2022, and also recognised a \$6.9 million provision in relation to contract exit costs. Management will review this at each reporting period. The Group incurred \$6.7 million of divestiture-related costs in relation to legal fees and closing down of manufacturing site costs. The majority of the exit and closure activities have been completed at the end of the year, with minimal costs expected in 2023.

As part of the exit from all hospital care and related industrial sales activities, a subsidiary was sold during the year. The cumulative amount of exchange losses of \$12.2 million recognised in Other Comprehensive Income relating to those operations, and a loss on disposal of \$2.0 million, have been recognised in the Consolidated Income Statement as non-operating expenses. All costs associated with the exit have been classified as an adjusting item in accordance with our Alternative Performance Measures policy.

28. COMMITMENTS AND CONTINGENCIES

Commitments represent the Group's future capital expenditure which is not recognised as a liability in the Consolidated Financial Statements but represents a non-cancellable commitment.

A contingent liability is a possible liability that is not sufficiently certain to qualify for recognition as a provision because the amount cannot be measured reliably or because settlement is not considered probable.

Capital commitments

At 31 December 2022, the Group had non-cancellable commitments for the purchase of property, plant and equipment, capitalised software and development of \$39.3 million (2021: \$32.1 million).

Contingent liabilities

There were no contingent liabilities recognised as at 31 December 2022 and 31 December 2021.

29. RELATED PARTY TRANSACTIONS

The Directors have not identified any related parties to the Group, other than the key management personnel. The Group considers key management personnel as defined in IAS 24, *Related Party Disclosures* to be the members of CELT as set out on pages 112 to 113 and the Non-Executive Directors as set out on page 111.

Key management personnel compensation

Key management personnel compensation for the year ended 31 December was as follows:

	2022 \$m	2021 \$m
Short-term employee benefits	16.4	14.4
Share-based payment expense	9.2	9.0
Post-employment benefits	0.8	0.7
Termination benefits	0.4	-
Total	26.8	24.1

Further details of short-term employee benefits, share-based payment expense and post-employment benefits for the Executive Directors are shown on page 144. Details of the Non-Executive Directors' fees, included in the table above, are provided on page 147.

The Group has not been a party to any other material transaction, or proposed transactions, in which any member of the key management personnel had or was to have a direct or indirect material interest.

30. SUBSEQUENT EVENTS

The Group has evaluated subsequent events through to 8 March 2023, the date the Consolidated Financial Statements were approved by the Board of Directors.

On 1 March 2023, the Board proposed the final dividend in respect of 2022 subject to shareholder approval at the Annual General Meeting on 18 May 2023, to be distributed on 25 May 2023. See Note 18 – Dividends to the Consolidated Financial Statements for further details.

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONVATEC GROUP PLC**Report on the audit of the Financial Statements****1. Opinion**

In our opinion:

- the Financial Statements of Convatec Group Plc (the 'Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements which comprise:

- the Consolidated Income Statement;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated and Company Statements of Financial Position;
- the Consolidated and Company Statements of Changes in Equity;
- the Consolidated Statement of Cash Flows; and
- the related notes 1 to 30 of the Consolidated Financial Statements and Notes 1 to 10 of the Company Financial Statements.

The financial reporting framework that has been applied in the preparation of the Group Financial Statements is applicable law and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the Company Financial Statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the Financial Statements section of our report.

We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and the Company for the year are disclosed in note 3.3 to the Financial Statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	In the current year, we have identified the following new key audit matters: - Acquisition of Triad Life Sciences Inc; - Accounting for the exit of hospital care and related industrial sales activities; and - Revenue recognition across key markets. Further explanation of the reasons these have been assessed as key audit matters is provided in Section 5. In 2021, we identified four key audit matters, none of which have been identified as continuing in the current year. These included: (i) changes in cash-generating unit ("CGU") groups and reallocation of goodwill, for which there were no CGU changes in 2022 (ii) Taxation - uncertain tax positions (UTPs) in connection with transfer pricing arrangements which we did not identify as a significant risk in 2022 (iii) identification and valuation of adjusting items reported within Alternative Performance Measures ("APMs"), where management policy for APMs is embedded and is no longer deemed to be a key audit matter, and (iv) acquisition accounting of Cure Medical LLC - focusing on the intangible asset valuation which is non recurring in nature.
Materiality	The materiality that we used for the Group Financial Statements was \$9.8m which was determined based on adjusted profit before tax.
Scoping	Combined, we performed audit procedures across fourteen countries accounting for 82% of revenue, 88% of profit before tax and 81% of net assets.
Significant changes in our approach	In addition to changes in key audit matters discussed above, our audit approach for 2022, changed in response to management's decision to centralise certain finance processes in the Group's Global Business Services "GBS" hub which is a shared service centre located in Lisbon, Portugal. In line with the considerable extent of finance processes transitioned from the markets to Lisbon, we delivered a significant proportion of the component audits from GBS.

4. Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the recently completed financing facilities including nature of facilities, repayment terms and covenants;
- Assessing the appropriateness of underlying assumptions used in the forecasts and historical forecasting accuracy;
- Evaluating level of headroom in the forecasts (cash and covenants); and
- Applying sensitivity analysis to forecasting models.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the Financial Statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Independent auditor's report continued

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Acquisition of Triad Life Sciences Inc.

Key audit matter description	In March 2022, the Group completed the acquisition of 100% of the issued share capital of Triad Life Sciences Inc ("Triad") a company based in Memphis, Tennessee for a consideration of \$281.0m. The acquisition resulted in the recognition of identifiable product related intangible assets of \$154.8m and goodwill of \$129.9m. Key judgements related to the acquisition included: - The valuation of intangible assets identified and resulting goodwill. Management used a third party expert to assist with the valuation of the acquired intangibles; - The valuation of contingent consideration payable. Triad was acquired early in its business lifecycle and a key judgement at acquisition and at 31 December 2022 related to the fair value of contingent consideration payable. - Following cash milestone payments in the year totalling \$50.0m, at 31 December 2022 \$130.8 million was estimated as the remaining contingent consideration which is included within provisions. The range of reasonably possible discounted outcomes within the next financial year is between \$85.2 million and \$230.8 million, compared to a maximum remaining undiscounted contingent consideration of \$275.0 million over the earn out period to 31 March 2024. The valuation of contingent consideration has been disclosed as a "Critical accounting judgement and a key source of estimation uncertainty" within Note 1.4 to the Consolidated Financial Statements. Full details in relation to the acquisition accounting are included within Note 26. The Audit and Risk Committee include their assessment of this matter on page 129.
How the scope of our audit responded to the key audit matter	We performed the following procedures in respect of this key audit matter: - We obtained an understanding of the relevant controls over the acquisition accounting, including the determination of contingent consideration and the fair valuation of intangible assets arising on acquisition. - We reviewed the significant terms of the acquisition within the sale and purchase agreement. - We assessed the competence, capability, and objectivity of management's expert. - With involvement of our internal valuation experts, we evaluated management's assumptions and the appropriateness and application of the valuation methodology. - We assessed performance and budgeting accuracy since acquisition to evaluate whether the forecasts that underpin the valuation of intangibles arising on acquisition were appropriate. - We assessed the accuracy of the revenue used in the calculation of contingent consideration, including verification of a sample of actual revenue transactions for FY22 and evaluation of forecasts for the remainder of the earn out period to 31 March 2024. - We evaluated the appropriateness of the disclosures in the Financial Statements including the disclosure as a key source of estimation uncertainty.
Key observations	We conclude the fair values of the goodwill and product related intangible assets recognised on acquisition to be appropriate. We are satisfied the assumptions used in the valuation of the discounted fair value of the contingent consideration are within an acceptable range and reasonable. We consider the disclosures in relation to the acquisition and the range of possible outcomes to the earn out to be appropriate.

5.2. Accounting for the exit of hospital care and related industrial sales activities.

Key audit matter description

In May 2022, the Group announced the decision to withdraw from its hospital care activities and related industrial sales by the end of 2022.

As a result of the exit, the Group has recognised \$46.7m of costs of which \$25.8m relates to impairments of product related intangibles, inventory and property, plant and equipment ("PPE"). The exit costs also included \$7.3 million of severance costs, \$6.9 million on estimated contract exit costs and \$6.7m of legal and closing down costs.

The completeness of the accounting for the exit has been identified as a key judgement as this has an impact on the accuracy and reasonability of provisions recognised as well as the appropriateness of disclosures in the annual report and accounts.

The related disclosure is included within Note 27. The Audit and Risk Committee included their assessment of this risk on page 129. For specific detail on the Group's accounting policy, please see Note 215.

How the scope of our audit responded to the key audit matter

We performed the following procedures in respect of this key audit matter:

- We obtained an understanding of the relevant controls related to the identification and quantification of impairments and contract exit costs associated with the exit.
- We assessed the accuracy and completeness of management's impairments relating to intangible assets and property plant and equipment based on the assets previously used in the hospital care and industrial sales activities.
- We have assessed the inventory write down and provision by substantively testing the post year-end sales and orders to ensure the accuracy and completeness of the provision.
- We tested the severance costs substantively by agreeing a sample of the costs to correspondence with the employees and to payment.
- We held direct discussions with Convatec's internal and external legal advisors as well as operational leads to assess the level of provisioning for contract exit costs. In addition we reviewed the correspondence received in the year relating to this matter.
- We evaluated the appropriateness of the disclosures in the Financial Statements.

Key observations

We consider the accounting for the exit of hospital care and related industrial sales activities to be reasonable and complete. We are satisfied the disclosures made in the Financial Statements are appropriate.

5.3. Revenue recognition across key markets.

Key audit matter description

The Group recorded revenue of \$2,072.5m million for the year ended 31 December 2022 (31 December 2021: \$2,038.3m) under IFRS 15: *Revenue from contracts with customers*.

As disclosed in Note 2.1 to the Financial Statements, the Group's policy is to recognise revenue when control over a product has transferred, generally on delivery, to a customer, distributor or wholesaler. The Group measures revenue for goods sold based on the consideration specified in a contract with a customer, net of discounts, rebates, chargeback allowances and sales-related taxes. The UK, US and Denmark make up the Group's key sales markets. Further information is included in the geographic segment information in Note 2.2.

As the audit of revenue is one of the key determinants of our overall audit strategy, revenue recognition has been included as a key audit matter. Significant allocation of audit resources as well as increased levels of direction and supervision of the components was required in the current year, partly as a result of the transfer of a number of processes to the Group's Global Business Services centre.

Independent auditor's report continued

How the scope of our audit responded to the key audit matter

We performed the following procedures in respect of this key audit matter:

- We completed walkthroughs of the revenue cycle to gain an understanding of the end-to-end revenue process and to evaluate relevant controls across the Group, and tested controls at the following components: the US, UK and Denmark;
- We tested the general IT controls, including three-way matching in SAP which is the main financial reporting system in the Group;
- We performed analytical reviews in certain components to identify any unusual sales trends and obtained an explanation for any such movements;
- We held direct enquiries with category and geographic market leaders, assessing changes in customer demand and new product introductions that might impact sales patterns;
- We performed detailed transaction testing on a sample basis, agreeing sales through to invoice, final sales contracts and delivery notes;
- We also reviewed a sample of distributor contracts to assess the terms of sale and to support recalculation of rebates and chargebacks associated with the revenue.
- We assessed whether the disclosures within the annual report and accounts are in compliance with the requirements of IFRS 15 *Revenue from contracts with customers*.

Key observations

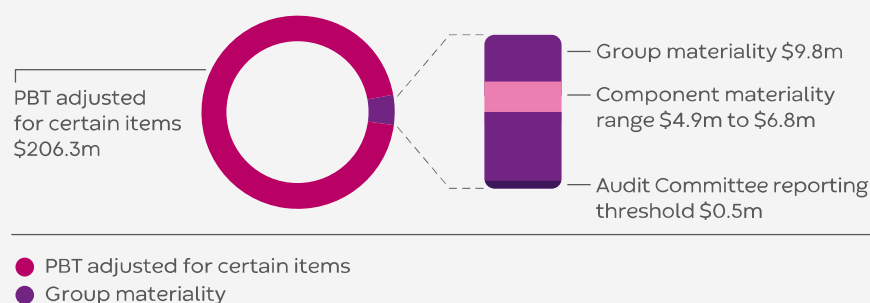
We are satisfied that revenue recognised across key markets and the disclosures made are in compliance with the requirements of IFRS 15.

6. Our application of materiality**6.1. Materiality**

We define materiality as the magnitude of misstatement in the Financial Statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

	Group Financial Statements	Company Financial Statements
Materiality	\$9.8m (2021: \$8.4m)	\$5.9m (2021: \$5.0m)
Basis for determining materiality	4.8% (2021: 4.7%) of pre-tax profit adjusted for acquisition and divestiture costs, termination benefits and asset impairment.	The Company materiality equates to 0.2% (2021: 0.1%) of net assets, which is capped at 60% (2021: 60%) of Group materiality.
Rationale for the benchmark applied	In determining our materiality benchmark, we considered the focus of the users of the Financial Statements. Pre-tax profit is the base from which key performance measures are calculated as well as key metrics used in providing trading updates. We have adjusted pre-tax profit for certain non-recurring items as summarised above.	In determining our materiality, based on professional judgement, we have considered net assets as the appropriate benchmark given the Company is primarily a holding company for the Group. We then capped materiality at 60% of Group materiality.

PBT adjusted for certain items

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the Financial Statements as a whole.

	Group Financial Statements	Company Financial Statements
Performance materiality	70% (2021: 70%) of Group materiality	70% (2021: 70%) of Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: a. our risk assessment, including our understanding of the entity and its overall control environment; b. the disaggregated nature of the Group and the likelihood of an individually material error; and c. our cumulative experience from prior year audits and level of corrected and uncorrected misstatements identified.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of \$0.5m (2021: \$0.4m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

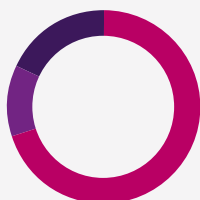
Our Group audit was scoped on an entity level basis, assessing components against the risk of material misstatement at the Group level. We have also considered the quantum of Financial Statement balances and individual financial transactions of a significant nature. In performing our assessment, we have considered the geographical spread of the Group and any risks presented within each region.

Based on this assessment, we focused our work on thirteen (2021: thirteen) components covering seven (2021: eight) countries, 70% (2021: 72%) of revenue, 83% (2021: 83%) of profit before tax and 74% (2021: 77%) of net assets. All thirteen (2021: thirteen) components were subject to a full scope audit. The thirteen (2021: thirteen) components are in the United States of America, United Kingdom, Switzerland, Denmark, Germany, Italy and France, which include the principal operating units of the Group.

In addition, we have performed specified audit procedures in ten (2021: eight) components covering nine (2021: eight) countries, 12% (2021: 8%) of revenue, 5% (2021: 4%) of profit before tax, and 7% (2021: 6%) of net assets. The eleven (2021: eight) components are located in: the United States of America, Denmark, Spain, Canada, Brazil, the Dominican Republic, Japan, Australia and Slovakia.

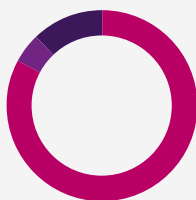
In carrying out our work, we responded to management's decision to centralise finance processes in the GBS hub. In line with the considerable extent of finance processes transitioned from the markets to Lisbon, we delivered a significant proportion of the component audits from GBS whilst providing direction and exercising supervision of component work at the Group level. We centrally determined the scope of the audit procedures executed by component audit teams and at the GBS.

Revenue



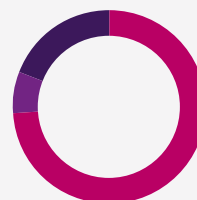
- Full audit scope 70%
- Specified audit procedures 12%
- Review at group level 18%

Profit before tax



- Full audit scope 83%
- Specified audit procedures 5%
- Review at group level 12%

Net assets



- Full audit scope 74%
- Specified audit procedures 7%
- Review at group level 19%

Independent auditor's report continued

7.2. Our consideration of the control environment

Our audit approach is evolving alongside management's plans to continue standardising the control environment across the Group, including at GBS. Whilst our audit remains largely substantive, we increased the extent of our procedures performed on the control environment in 2022, focusing on enhancing our understanding of the progress made in the standardisation by testing the relevant controls in the business processes that have transitioned to the shared service centre.

For components we identified relevant IT systems for the purpose of our audit work, we obtained an understanding of relevant IT controls and tested the general IT controls for some operating companies with the involvement of our IT specialists. We performed focused controls tests on the main financial reporting IT environment in the shared service centre and used the results of this work as part of our Group reporting and to support the components reporting under local statutory requirements.

7.3. Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the Group's business and its Financial Statements. The Group has reassessed the risk and opportunities relevant to climate change and maintained the Environment & Communities risk as a principal risk across the Group. This risk grading has been maintained at the same level as the prior year and has been considered and embedded into the business as explained in the Strategic Report.

As a part of our audit procedures, we have reviewed management's environment related risk assessment and held discussions with the Audit and Risk Committee to understand the process of identifying climate-related risks, the determination of mitigating actions and the impact on the Group's Financial Statements. While management has acknowledged that the transition and physical risks posed by climate change have the potential to impact the medium to long term success of the business, they have assessed that there is no material impact arising from climate change on the judgements and estimates made in the Financial Statements as at 31 December 2022 as explained in note 1.3 on page 173.

We performed our own qualitative risk assessment of the potential impact of climate change on the Group's account balances and classes of transactions and did not identify any additional risks of material misstatement. Our procedures include reviewing disclosures included in the Strategic Report to consider whether they are materially consistent with the Financial Statements and our knowledge obtained in the audit.

7.4. Working with other auditors

As part of our oversight of the component teams, planning meetings were held with all component audit teams. The purpose of these planning meetings was to determine whether the component teams had sufficient understanding of the Group's businesses, its core strategy and significant risks.

We issued our component teams detailed instructions, included them in our team briefings and discussed their risk assessment. We also provided direction in response to enquiries made by the component auditors. All the findings observed were discussed with the component auditors in detail and instructions to perform further procedures were issued where relevant.

In response to the easing Covid-19 restrictions and increased opportunities to travel, we visited local operations in Denmark, the United States of America, GBS in Portugal, and the UK. Considering the new GBS centre, we increased the frequency of interactions with management and component teams during the planning and audit execution stages. The shared service centre audit represented a substantial change to our planned approach from the prior year. Members of the Group engagement team responded to this change by investing significant effort in directing, supervising and reviewing the work of the GBS audit team in Lisbon, with visits to Lisbon through the year and regular virtual meetings.

8. Other information

The other information comprises the information included in the annual report, other than the Financial Statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine 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, the Directors are responsible for assessing the Group's and 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 unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

10. 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 (UK) 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.

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error that was approved by the Board;
- results of our enquiries of management, internal audit, the Directors and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance.

- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including component audit teams and relevant internal specialists, including tax, valuations, IT and forensics specialists regarding how and where fraud might occur in the Financial Statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the accounting for the exit in hospital care and related industrial sales activities. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the Financial Statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the Financial Statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Food and Drug Administration ("FDA") and the Medical Devices Regulation ("MDR").

11.2. Audit response to risks identified

As a result of performing the above, we identified the accounting for the exit from the hospital care and related industrial sales activities as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the Financial Statements;
- enquiring of management, the audit committee and both in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports correspondence with HMRC;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Independent auditor's report continued

Report on other legal and regulatory requirements**12. Opinions on other matters prescribed by the Companies Act 2006**

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements and our knowledge obtained during the audit:

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 165;

- the Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 98;
- the Directors' statement on fair, balanced and understandable set out on page 165;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 103;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 88 and 89; and
- the section describing the work of the audit committee set out on page 126.

14. Matters on which we are required to report by exception**14.1. Adequacy of explanations received and accounting records**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company Financial Statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters

15. Other matters which we are required to address**15.1. Auditor tenure**

Following the recommendation of the audit committee, we were appointed by the Directors to audit the Financial Statements for the year ending 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 7 years, covering the years ending 31 December 2016 to 31 December 2022.

15.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these Financial Statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Claire Faulkner, FCA
(Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
8 March 2023

180 Medical, Inc.

\$500,000,000 5.300% Senior Notes due 2035

OFFERING MEMORANDUM

Joint Bookrunners

BofA Securities

J.P. Morgan

HSBC

NatWest

Bank of China

BBVA

Citigroup

CIC Market Solutions

Danske Markets

Goldman Sachs Bank Europe SE

Mizuho

SEB

1 October 2025