

Registre de Commerce et des Sociétés

Numéro RCS : B240691

Référence de dépôt : L210127709

Déposé et enregistré le 01/07/2021

**DHG Holdco S.à r.l.
Société à responsabilité limitée**

**Consolidated financial statements
as at December 31, 2020**

1B, rue Jean Piret
L - 2350 Luxembourg
R.C.S. Luxembourg: B240691

THURSDAY



AAJHMD16

A02

16/12/2021

#40

COMPANIES HOUSE



To the Partners of
DHG Holdco S.à r.l.
1B, rue Jean Piret
L-2350 Luxembourg

Grant Thornton Luxembourg

Grant Thornton Audit &
Assurance
Société anonyme
13, rue de Biltbourg
L-1273 Luxembourg
T +352 40 12 00 1
F +352 40 05 98

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the Audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of DHG Holdco S.à r.l. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period from 4 December 2019 to 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the period from 4 December 2019 to 31 December 2020 in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (the "CSSF"). Our responsibilities under the Law of 23 July 2016 and the ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of the *« Réviseur d'Entreprises Agréé »* for the Audit of the consolidated financial statements » section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information included in the consolidated management report but does not include the consolidated financial statements and our report of the *« Réviseur d'Entreprises Agréé »* thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Chartered Accountants & Réviseurs d'Entreprises Agréés

Grant Thornton Audit & Assurance

VAT reg: LU29898825. Registered in Luxembourg. Company number: B183862

Grant Thornton Luxembourg is the Luxembourg member firm of Grant Thornton International Ltd (GTIL).

GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered independently by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

www.grantthornton.lu



In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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 this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is 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 Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'Entreprises Agréé" for the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "Réviseur d'Entreprises Agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law dated 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 consolidated financial statements.

As part of an audit in accordance with the Law dated 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers;
- Conclude on the appropriateness of Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "Réviseur d'Entreprises Agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "Réviseur d'Entreprises Agréé". However, future events or conditions may cause the Company to cease to continue as a going concern;



Grant Thornton

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

Luxembourg, 24 June 2021

Monika TASI
Réviseur d'Entreprises Agréé
Grant Thornton Audit & Assurance

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

CONTENTS	PAGE
Management report.....	3
Consolidated statement of financial position	6
Consolidated statement of comprehensive income.....	7
Consolidated statement of changes in equity.....	8
Consolidated statement of cash flows.....	9
Notes to the consolidated financial statements.....	10
1. General information	10
2. Summary of significant accounting policies	10
3. Revenue	20
4. Finance income and costs	20
5. Exceptional items.....	20
6. Operating expenses.....	21
7. Auditor's remuneration	21
8. Staff costs	21
9. Taxation.....	22
10. Tangible fixed assets	23
11. Leases.....	24
12. Intangibles assets.....	25
13. Inventories	26
14. Trade and other receivables.....	26
15. Capital commitments.....	26
16. Deferred tax	27
17. Current trade and other payables.....	27
18. Lease liabilities	27
19. Bank debts.....	27
20. Loans and borrowings	28
21. Share capital	29
22. Share premium.....	29
23. Financial instruments.....	30
24. Business combination.....	33
25. Related party transactions	36
26. Subsequent event.....	37

DHG Holdco S.à r.l.
R.C.S. Luxembourg B240691
Consolidated financial statements
as at December 31, 2020

Management report

Introduction

DHG Holdco S.à r.l (hereafter "the Company") was incorporated following the acquisition of DHG Bidco Limited (and its subsidiaries) in December 2019 by Archimed. These consolidated accounts therefore present the financial performance of the 13 months from 4 December 2019 to 31 December 2020.

The group provides products and services that uniquely enables the healthcare challenges associated with reduced patient movement to be anticipated, managed and in many cases resolved.

Business Review

During the period the group commenced its strategy to become a significant partner for its customers, in delivering harm free patient care, in its focus European geographies, this involved making the several acquisitions. These acquisitions were identified as being a strategic fit through geographic and product expansion.

On 6 December 2019, the company acquired 100% of the equity instruments of Direct Healthcare Group Holdings Limited, a UK based business, thereby obtaining control. Direct Healthcare Group Holdings Limited manufactures and sells a range of medical devices that contribute to the delivery of harm free patient care.

On 28 February 2020, the group acquired Gate Rehab Development AB, a Swedish based business, that manufactures and sells a range of medical devices that adds to the group's product portfolio and geographical footprint.

Furthermore, on 4 May 2020, the group acquired the Handicare EU patient handling business, with operations in UK, Sweden, Netherlands, Norway and Denmark. The patient handling business provides patient handling equipment, which is complementary to the groups strategy.

In October 2020, the group made two further acquisitions of the Carital Group Oy, based in Finland, and Lynch Healthcare Ltd, a UK based business. The acquisition of Carital Group Oy continues the group geographic and product portfolio expansion, specialising in pressure area care and patient handling solutions. Lynch Healthcare specialises in patient handling solutions, enhancing the groups service capability.

Exceptional costs in the period mainly relate to deal costs associated with acquisitions.

A key metrics that the directors monitor is earnings before interest, taxation, depreciation and amortization (EBITDA). During the (13 month) reporting period, the EBITDA amounted to £10 612k. Included within the result was interest of £7 621k, taxation of £595k, depreciation of £2 103k, amortization of £3 073k and exceptional costs of £7 144k resulting in a net loss for the period of £9 924k.

During the reporting period, the COVID pandemic impacted on all geographies in which the group operates. Although there were significant changes, both favorable and adverse, in demand on a product line basis, the overall impact is not considered to be significant.

No dividends were declared or paid during the period.

Research and development

The business continues to invest significantly in research and development activities and this continued during the year.

Own shares

The Company did not purchase its own shares.

Principal risks and uncertainties

The principal risks and uncertainties that might affect the Group meeting its objectives are:

Market risk

The Group has a diversified product range across its main divisions: Pressure Area Care; Specialist Seating; Wheelchair cushions and accessories; rental & service; patient handling and is continually developing new and existing products to meet customer requirements. The group also has a well-diversified customer portfolio.

Quality risk

The Group complies with high standards of quality throughout its business. Products are tested throughout the production processes, and the Group adheres to all relevant regulation and legislation, including relevant British and International Standards.

DHG Holdco S.à r.l.
R.C.S. Luxembourg B240691
Consolidated financial statements
as at December 31, 2020

Price risk

Where possible the Group engages in customer contracts to enable any sustained increases or decreases in raw material prices to be reflected in customer prices.

Credit risk

The directors set credit limits for customers based on a combination of payment history and third-party credit references. Trading within these limits and related terms are monitored on a regular basis.

Liquidity risk

The directors strictly monitor the financial activities of the group; unauthorised loans borrowings and guarantee activities are strictly prohibited unless approved by the board of directors. It is policy to regularly monitor its liquidity requirements of the group to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer-term.

Interest rate risk

The groups interest rate risk primarily relates to senior bank debt which are based on Libor/Euribor plus a margin. The directors monitor the related interest rate risk exposure closely throughout the year in order to minimize interest expenses.

Going concern

Following the acquisition of the Group by Archimed in December 2019, the group has grown revenues and EBITDA both organically and through acquisitions. The business is well placed to continue to support healthcare providers during the current pandemic but also benefit from a post COVID environment.

With the backing of Archimed, the Group has also started to execute on its M&A strategy as noted in the business review. These acquisitions have been part funded through additional equity but also through senior debt which has a bullet repayment in 2026.

Subsequent to the period end, the Group has continued executing its M&A strategy with two further acquisitions in March 2021; Talley Group, located in the UK, and United Care Group, located in the Netherlands. These acquisitions are intended to bolster the groups existing presence in both the UK and Europe, strengthening DHG Group's position as a leading manufacturer and provider of services in pressure area care and patient handling markets.

Management have prepared financial forecasts for a period of greater than 12 months from signing, that show that the business expects to continue to trade profitability and has sufficient working capital to fund this growth. These forecasts also demonstrate that all covenants are expected to be met.

For these reasons, the Directors believe it is appropriate to apply the going concern basis in preparing the financial statements.

Key performance indicators

The Group's success is measured using a range of financial and non-financial key performance indicators ("KPIs") that are closely monitored by the directors.

The non-financial KPIs include customer orders satisfied on time and in full ("OTIF") which again consistently exceeded 96% throughout the period across all product lines. Internal Health & Safety statistics are also monitored with no incidents being reported under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 ("RIDDOR").

Strategic objectives

The Group's key strategic objective is to become a significant partner for its customers in focus European geographies with the delivery of harm-free patient care.

Environment, social and governance policy

Environment

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

Activity to reduce our environmental impact is focused on environmental management, energy reduction, minimisation of waste, diversion of waste from landfill and water conservation. The Group is certified to Environmental Management System 14001.

Health & safety

The safety and well-being of staff and all visitors to facilities remains a priority for everyone within the business. The Group continues to focus on all aspects of health and safety, with a special emphasis on those areas with the potential to cause serious harm.

Employees

The Group remains focused on supporting and developing people through training, communications and engagement. The Group has achieved Investors In People Gold Certification in the period.

Ethical policy

The Group emphasises the importance of operating a business in both a responsible and ethical manner, and have set up appropriate standards and policies to uphold laws relevant to prevention of bribery and corruption in all the jurisdictions in which we operate. The Group has in place policies and procedures covering Whistleblowing and Anti-Bribery, the latter including policies in respect of gifts and hospitality.

The Group's ethical policy incorporates a Supplier Code of Conduct that has been communicated and rolled out to all suppliers via the purchasing team. All suppliers are expected to agree and adhere to the terms of this code.

This report was approved by the board and signed on its behalf.

Pierre Victor
Jean J. Lentz

Signé numériquement par Pierre
Victor Jean J. Lentz
DN : cn=Pierre Victor Jean J.
Lentz, o=LU, ou=CF Corporate
Services, ou=B165872,
email=pierre.lentz@hdo.lu

Director, Manager

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

Consolidated statement of financial position

		31-12-20
	Note	€'000
Assets		
Non-current assets		
Goodwill		46 076
Property, plant and equipment	10	7 588
Intangible assets	12	42 442
Total non-current assets		<u>96 106</u>
Current assets		
Inventories	13	6 414
Trade and other receivables	14	8 849
Cash and cash equivalents		10 231
Total current assets		<u>25 494</u>
Total assets		<u><u>121 600</u></u>
Equity and liabilities		
Capital and reserves		
Share capital	21	1 280
Share premium account	22	104
Currency translation reserves		368
Retained earnings		(9 934)
Total equity		<u>(8 182)</u>
Non-current liabilities		
Lease liabilities	18	1 855
Deferred tax liability	16	8 243
Bank debts	19	46 964
Loans and borrowings	20	59 496
		<u>116 558</u>
Current liabilities		
Trade and other payables	17	10 448
Corporation tax payable		763
Lease liabilities	18	1 808
Bank debts interests		205
		<u>13 224</u>
Total equity and liabilities		<u><u>121 600</u></u>

The accompanying notes are an integral part of these financial statements

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

Consolidated statement of comprehensive income

From 4 December 2019 to 31 December 2020

		Before amortisation and exceptional items €'000	Amortisation and exceptional items (note 5) €'000	Total €'000
	Note			
Revenue	3	48 784	-	48 784
Cost of Sales		<u>(26 233)</u>	<u>-</u>	<u>(26 233)</u>
Gross Profit		22 551	-	22 551
Expenses				
Intangibles Amortisation	12	-	(3 073)	(3 073)
Depreciation		-	(2 103)	(2 103)
Administrative expenses	6	<u>(11 939)</u>	<u>(7 144)</u>	<u>(19 083)</u>
Operating profit/(loss)		<u>10 612</u>	<u>(12 320)</u>	<u>(1 708)</u>
Finance costs	4	<u>(7 621)</u>	<u>-</u>	<u>(7 621)</u>
Profit / (loss) before taxation		2 991	(12 320)	(9 329)
Taxation	9	<u>(595)</u>	<u>-</u>	<u>(595)</u>
Profit / (loss) for the period		<u>2 396</u>	<u>(12 320)</u>	<u>(9 924)</u>
Total comprehensive income / (loss)		<u>2 396</u>	<u>(12 320)</u>	<u>(9 924)</u>

There was no recognised gain or losses for the 13-month period ended 31 December 2020 other than those presented in the statement of comprehensive income.

There was no other comprehensive income for the 13-month period ended 31 December 2020.

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

Consolidated statement of changes in equity

	Called up share capital £'000	Share premium account £'000	Translation reserves £'000	Retained Earnings £'000	Total equity £'000
Balance at 4 December 2019	30	-	-	-	30
Shares issued	1 250	104	-	-	1 354
Effect of acquisitions	-	-	-	(10)	(10)
Translation adjustment	-	-	368	-	368
Total transactions with owners	<u>1 280</u>	<u>104</u>	<u>368</u>	<u>(10)</u>	<u>1 742</u>
Net loss for the period	-	-	-	(9 924)	(9 924)
Balance at 31 December 2020	<u>1 280</u>	<u>104</u>	<u>368</u>	<u>(9 934)</u>	<u>(8 182)</u>

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

Consolidated statement of cash flows

	Note	Group 2020 €'000
Operating activities		
Net profit/(loss) for the period		(9 924)
Items not involving cash:		
Amortisation	12	3 072
Depreciation	10	2 103
Interest payable	4	7 621
Corporation tax expense	9	595
Change in inventories		(661)
Change in trade and other receivables		1 135
Change in trade and other payables		771
Tax paid		(799)
Net cash from operating activities		3 913
Investing activities		
Purchase of intangible assets	12	(861)
Purchase of property and equipment	10	(1 372)
Acquisition of subsidiaries	24	(76 516)
Cash acquired on acquisition		13 765
Net cash used in investing activities		(64 984)
Financing activities		
Issue of ordinary shares		1 280
Issue of share premium		104
Issue of preference shares		72 115
Repayment on preference shares		(23 500)
Interest paid on preference shares		(1 261)
Proceeds from loans and borrowings		30 131
Repayment of loans and borrowings		(51 384)
Interests paid on loans and borrowings		(342)
Proceeds from bank loan		46 475
Interest paid		(1 526)
(Repayment of)/new lease liabilities		(1 399)
Net cash from financing activities		70 693
Change in cash during the period		9 622
Exchange adjustment of cash and cash equivalents		610
Cash and cash equivalents at end of the period		10 231

The accompanying notes are an integral part of these financial statements

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

Notes to the consolidated financial statements

1. General information

DGH Holdco S.à r.l. (the "Company") is a private limited liability company (société à responsabilité limitée) incorporated and existing under the laws of Grand-Duchy of Luxembourg on 4 December 2019 and having its registered office at 1B, rue Jean Piret, L - 2350 Luxembourg, Luxembourg; registered with the Luxembourg Trade and Companies Register under number B240691.

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as "the Group").

The principal activity of the Group is the design, manufacture and sale of equipment and accessories used within the medical profession.

The Group's year end is 31 December. The first accounting year started on the date of incorporation 4 December 2019 and end on 31 December 2020.

The immediate holding company is MP1 DHG Investment S.à r.l., incorporated in Luxembourg. The ultimate controlling parties are Denis Ribon and Vincent Guillaumot who own a group of funds managed by Archimed.

These are the first financial statements of the Group.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

Basis of preparation

Statement of compliance

The consolidated financial statements of DHG Holdco Group have been prepared in accordance with International Financial Reporting Standards "IFRS" as issued by the International Accounting Standards Board (IASB) adopted by European Union and interpretations issued by the IFRS Interpretations Committee "IFRIC".

Income and cash flow statement

The Group has elected to present a consolidated statement of comprehensive income and presents its expenses by nature.

The Group reports cash flows from operating activities using the indirect method.

Going concern

The management has considered a period of not less than twelve month following the period end, and have concluded that, due to the ongoing level of cash consideration, the profitability of the group and forecasts for the following period, there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Group to continue as a going concern.

IFRS Standards and interpretation

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group (adopted by IASB and endorsed by EU)

- IFRS 17 Insurance contract: Effective for period beginning on or after originally 1 January 2021 but extended to 1 January 2023 by the IASB in March 2020.
- Covid-19-related Rent Concessions – Amendments to IFRS 16: Effective for period beginning on or after 1 June 2020
- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform Phase 2: Effective for period beginning on or after 1 January 2021.
- IFRS 3 Business combination – References to the Conceptual Framework: Effective for period beginning on or after 1 January 2022.

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

- IAS 16 Property, Plant and Equipment – Proceeds before intended use: Effective for period beginning on or after 1 January 2022
- IAS 37 Onerous Contracts – Cost of Fulfilling a Contract: Effective for period beginning on or after 1 January 2022
- Annual improvements to IFRS Standards 2018-2020: Effective for period beginning on or after 1 January 2022
- IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current: Effective for period beginning on or after 1 January 2022, (possibly deferred to 1 January 2023)
- IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture: The amendments will be effective from annual periods commencing on or after 1 January 2016. In December 2015, the IASB decided to postpone the effective date of these amendments indefinitely.
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1: Effective for period beginning on or after 1 January 2022, (possibly deferred to 1 January 2023)

The application of the requirement of this standard will not affect the financial statements of the Group.

Basis of consolidation

Principles

The consolidated financial statements of the Group include its stand-alone annual accounts as well as those of its entities directly or indirectly controlled that are deemed to be material after recognition of non-controlling interests.

Where appropriate, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Consolidation scope

As at December 31, 2020, the consolidated accounts include the Company and the following directly and indirectly owned subsidiaries:

	Company	Location	Principal activity	Consolidation method	Percentage of interest & control 31-12-20
1	DHG HoldCo S.à r.l (mother company)	Luxembourg	Holding company	Full consolidation	-
2	DHG MidCo S.à r.l	Luxembourg	Holding company	Full consolidation	100,00%
3	DHG BidCo Limited	United Kingdom	Holding company	Full consolidation	100,00%
4	Direct Healthcare Group Holdings Limited	United Kingdom	Holding company	Full consolidation	100,00%
5	Direct Healthcare Group Management Limited	United Kingdom	Holding company	Full consolidation	100,00%
6	Nightingale Care Beds Limited	United Kingdom	Sale, rental, repair and refurbishment of medical equipment	Full consolidation	100,00%
7	Poshchair Medical Limited	United Kingdom	Rental service of medical equipment	Full consolidation	100,00%
8	The Kirton Healthcare Group Limited	United Kingdom	Design and manufacture of furniture	Full consolidation	100,00%
9	Handicare Patient Handling Limited	United Kingdom	Sales of medical equipment	Full consolidation	100,00%
10	Direct Healthcare Group Limited	United Kingdom	Design and manufacture of equipment to the medical industry	Full consolidation	100,00%

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

11	Direct Healthcare Services Limited	United Kingdom	Dormant	Full consolidation	100,00%
12	Direct Healthcare Group Pty Ltd	Australia	Dormant	Full consolidation	100,00%
13	Lynch Healthcare Limited	United Kingdom	Manufacture of pressure care, patient handling	Full consolidation	100,00%
14	Qbitus Products Limited	United Kingdom	Manufacture of wheelchair and accessories	Full consolidation	100,00%
15	DHG Dutch Holding B.V.	Netherland	Holding company	Full consolidation	100,00%
16	Direct Healthcare Group B.V.	Netherland	Holding company	Full consolidation	100,00%
17	DIIG Sweden Holding AB	Sweden	Holding company	Full consolidation	100,00%
18	DHG Finland Holdings Oy	Finland	Holding company	Full consolidation	100,00%
19	Carital Oy	Finland	Design and manufacture of medical device	Full consolidation	100,00%
20	MediMattress Oy	Finland	Supply of patient-safe, researched and functional medical devices for healthcare	Full consolidation	100,00%
21	GATE Rehab Development AB	Sweden	Product development, marketing and sale of in-house developed technical aids	Full consolidation	100,00%
22	Handicare AB	Sweden	Sales of healthcare articles	Full consolidation	100,00%
23	Handicare A/S	Denmark	Sales of healthcare articles	Full consolidation	100,00%
24	Handicare Patient Handling AS	Norway	Sales of healthcare articles	Full consolidation	100,00%

By virtue of section 479A of the Companies Act 2006, Poshchair Medical Limited, The Kirton Healthcare Group Limited, Nightingale Care Beds Limited and Handicare Patient Handling Limited are exempt from the requirement relating to the audit of individual accounts with the parent company DHG Holdco S.a.r.l providing a guarantee under section 479C of the Companies Act 2006. This amendment was added within the consolidated financial statements after the audit report date.

Inter-company transactions

All inter-company transactions, balances and gains and losses on transactions between Group companies have been eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Translation of foreign subsidiaries

The Group's consolidated financial statements are prepared in pound (GBP).

The results and financial position of all the Group entities that have a currency different from GBP are translated into GBP as follows:

- assets and liabilities, except for capital and reserves, for each balance sheet items presented are translated at the rate prevailing at balance sheet date;
- capital and reserves are converted at the historical rate of exchange;
- income and expenses for each consolidated profit and loss account are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity under the caption "Currency translation reserve"

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

Business combination

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement for the period. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share based payment awards are measured in accordance with IFRS 2 Share Based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each consolidated entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in pounds sterling, which is the Group's presentational currency. These financial statements are rounded to the nearest thousand pound.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than an entity's functional currency are recognised in the consolidated statement of profit and comprehensive income in administrative expenses.

Non-monetary items are not retranslated at period end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined. Where a gain or loss on a non-monetary item is recognized in other comprehensive income the foreign exchange component of that gain or loss is also recognized in other comprehensive income.

Taxation

The income tax expense represents the sum of tax currently payable and deferred tax.

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax on temporary differences associated with investments in subsidiaries is not provided if reversal of these temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided those rates are enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the group has a right and intention to set off current tax assets and liabilities from the same taxation authority. Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income, or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated cost of completion and costs to sell.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

DHG Holdco S.à r.l.
R.C.S. Luxembourg B240691
Consolidated financial statements
as at December 31, 2020

Leases

For any new contracts entered into the group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right of use asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the group assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the company.
- The company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use.
- The company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentive received).

The group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the group measures the leases liability at the present value of the lease payments unpaid at that date, discounted using the incremental borrowing rate. The group has elected to apply a single discount rate to a portfolio of leases with reasonably similar characteristics using practical expedients.

Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, the right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in lease liabilities.

Right-of-use assets are transferred between group companies on a nil profit or loss basis.

Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Refer to Note 12 for a description of impairment testing procedures.

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

Initial recognition of intangible assets

Patents

Patents are initially recognized at cost.

Brands, manufacturing know-how and customers lists

Brand names, manufacturing know-how and customer lists acquired in a business combination that qualify for separate recognition are recognized as intangible assets at their fair values.

Internally developed medical technology and apparatus

Expenditure on the research of projects to develop new specialist medical equipment is recognised as an expense as incurred. Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- The development costs can be measured reliably;
- The project is technically and commercially feasible;
- The company intends to and has sufficient resources to complete the project;
- The company has the ability to use or sell the software;
- The specialist medical equipment will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Subsequent measurement

All finite-lived intangible assets, including capitalized internally generated development medical technology and apparatus, are accounted for using the cost model whereby capitalized costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 13. The following useful lives are applied:

Patents	- 5 years
Manufacturing know-how	- 10 years
Trademarks	- 25 years
Brands and customer relationships	- 10 to 20 years
Development costs	- 6 years

Any capitalized internally generated development medical apparatus and technology that is not yet complete is not amortised but is subject to impairment testing.

Amortisation is included within depreciation, amortisation and impairment of non-financial assets.

When an intangible asset is disposed, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognized in profit or loss within other income or expenses.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. Depreciation is provided on the following basis:

Leasehold improvements	- 3 to 7 years
Plant and machinery	- 3 to 10 years
Motor vehicles	- 4 years
Fixtures and fittings	- 3 years
Right of use assets	- over length of lease
Hire equipment	- 5 years

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit or loss.

Assets under construction are not depreciated until brought into use. In the case of right-of-use assets, expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter. Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Share capital and share premium

Share capital represents the nominal value of shares that have been issued. Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied stated net of value added taxes. The Group recognises revenue when performance obligations have been satisfied and for the group this is when the goods (sale of specialist medical equipment) and services (hire, servicing and cleaning of specialist medical equipment) have transferred to the customer and the customer has control of these. The Group's activities are described in detail below. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transactions and the specifics of each arrangement. Discounts and returns are immaterial.

Sale of goods

The Group manufactures and sells a range of specialist medical equipment. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer where the company provides delivery or upon collection by the customer if no delivery is provided. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred and the customer has accepted the products including objective evidence of acceptance.

Hire of equipment

The Group hires out specialist medical equipment. Revenue is recognised on a straight-line basis over the hire period as economic benefits are derived across the life of the rental period. Any hire agreements have been assessed in order to determine whether the contract contains a lease. Given that the Group retains the right to direct how and for what purpose the asset is used throughout the period of use, then these agreements are not considered to contain a lease as defined by IFRS 16 "Leases".

Servicing

The company provides service, repair and decontamination services. The associated revenue is recognised when the performance obligations associated with the contract are substantially met, which is over the time the service is provided.

Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the group but are presented separately due to their size or incidence. See Note 5 for further details.

Impairment testing of goodwill, other intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are individually tested for impairments and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that expected to benefit from synergies of a related business combination and represent the lowest level within the group at which management monitors goodwill.

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount which is the higher of fair value less costs of disposal and value-in-use. To determine value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit.

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the profit or loss in the period that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

Financial instruments

Financial assets, loans and receivables

The assets generated from goods or services transferred to customers are presented as either receivables or contract assets, in accordance with IFRS 15. The assessment of impairment of receivables is in accordance with IFRS 9 'Financial Instruments'. The group does not have any contract assets.

The group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics. Refer to Note 14 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

All cash flows from customers are solely payments of principal and interest, and do not contain a significant financing component. Financial assets generated from all of the company's revenue streams are therefore initially measured at their fair value, which is considered to be their transaction price (as defined in IFRS 15) and are subsequently remeasured at amortised cost.

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

Under IFRS 9, the company recognises a loss allowance for expected credit losses (ECL) on financial assets subsequently measured at amortised cost using a the 'simplified approach'. Individually significant balances are reviewed separately for impairment based on credit terms agreed with the customer. Other balances are assessed into credit risk categories and reviewed in aggregate.

Trade receivable and cash at bank and in hand are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are initially recorded at fair value net of transaction costs, being invoiced amounts less any provisional estimate for impairment necessary due to a loss event. Trade receivables are subsequently remeasured at invoiced value, less an updated provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the profit and loss account.

Cash and cash equivalents include cash at bank and in hand and bank deposits available with no notice or less than three months' notice from inception that are subject to an insignificant risk of changes in value. Bank overdrafts are presented as current liabilities to the extent that there is no right to offset with cash balances.

Following initial recognition, financial assets are subsequently remeasured at amortised cost using the effective interest method.

Financial liabilities

The company's financial liabilities are trade and other payables including accrued expenses, and amounts owed to company companies.

All interest related charges are recognised as an expense in 'Interest payable and similar charges' in the profit and loss account.

Bank and other borrowings are initially recognised at fair value net of transaction costs. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised respectively in finance income and finance costs. Borrowing costs are recognised as an expense in the period in which they are incurred.

Trade payables on normal terms are not interest bearing and are stated at their fair value on initial recognition and subsequently at amortised cost.

Critical accounting estimates and judgements

There are no critical judgements in the preparation of these financial statements. Estimates have been made by management concerning the following:

Incremental borrowing rate applied to right-of-use assets

Determining the incremental borrowing rate applied in calculating lease liabilities under IFRS 16 requires the use of certain methodologies and assumptions. When determining the rate management assess various factors including the lease term, nature of the asset and the level of security for the right of use asset.

The Group applies an incremental borrowing rate in determining the value of the right of use assets. This is based upon a weighted average cost of capital reflecting Group experience of bank and secured finance and has been prepared in accordance with IFRS16.

Impairment of intangible assets other than goodwill

Determining whether intangible assets are impaired requires an estimate of the value in use. The value-in-use calculation involves an estimate of the future cash flows of the respective intangible asset and also the selection of appropriate discount rates to calculate present values. Future cash flows are estimated using the current one-year budget forecast, extrapolated for a future growth rate. The estimated growth rates are based on past experience and knowledge of the individual sector's markets. Changes in estimated growth rate could result in variations to the carrying value of these intangibles.

Impairment of goodwill

When assessing goodwill, management made certain assumptions in respect of future cash flows, namely around the growth rate of these cash flows and the discount rate applied to determine their present value (see Note 12).

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

Fair value of net assets acquired as part of a business combination

Management uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination. In particular, the fair value of separable intangible assets other than goodwill is dependent on many variables including the future profitability of the acquiree's trade (see Note 23).

3. Revenue

The Group's revenue by destination is as follows (all operations are continuing):

For the period ended 31 December 2020	Pressure area care	Specialist seating	Rental and service	Wheelchair products	Patient handling	Total
	£'000	£'000	£'000	£'000	£'000	£'000
UK	11 969	2 347	7 097	1 974	5 216	28 603
Europe	1 892	455	573	-	12 186	15 106
Rest of the world	2 157	158	57	-	2 703	5 075
Consolidated revenue	16 018	2 960	7 727	1 974	20 105	48 784

4. Finance income and costs

Finance costs for the reporting periods consists of the following:

	Period ended 31 December 2020 £'000
Interest payable on bank loans and overdrafts	1 731
Interest payable on loan from group undertaking	6 901
Leasing arrangements	129
Foreign exchange (gains) and losses	(1 317)
Other interests	177
	7 621

5. Exceptional items

Exceptional items for the reporting periods consists of the following:

	Period ended 31 December 2020 £'000
Group professional fees	337
Deal costs on acquisition of subsidiaries	5 140
Restructuring costs	1 667
	7 144

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

6. Operating expenses

The operating expenses are detailed in the table as follows:

	Period ended 31 December 2020 £'000
Employee costs	11 939
Depreciation expenses	2 103
Amortisation expenses	3 074
	17 116

7. Auditor's remuneration

Auditor's remunerations are detailed as follows:

	Period ended 31 December 2020 £'000
Fees payable to the Group's auditors:	
Annual audit – parent company and consolidated financial statements	57
Audit of company's subsidiaries pursuant of legislation	126
	183
Non-audit services	
Accounts preparation	48
Taxation compliance services	65
Transfer pricing services	73
Due diligence related services	17
Entity rationalisation	30
Other tax	43
	276

8. Staff costs

Group staff costs recognised as an expense, including directors' remuneration, were as follows:

	Period ended 31 December 2020 £'000
Wages and salaries	10 140
Social security costs	1 319
Pension – defined contribution	480
	11 939

Directors' remuneration disclosures are included in note 25.

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

The average number of persons, including executive directors, employed by the group during the period was as follows:

	Period ended 31 December 2020
	Number
Manufacturing	145
Administration	113
	<u>258</u>

9. Taxation

	Period ended 31 December 2020
	£'000
Current tax:	
Local corporation tax in current period	<u>1 132</u>
Deferred tax (credit):	
Timing differences	67
Timing differences on business combinations	(604)
	<u>(537)</u>
Tax charge for the period	<u>595</u>

Corporate tax is calculated at 19% of the estimated taxable profit for the period, rate applicable in the UK.
Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The tax charge for the period can be reconciled to the profit per the income statement as follows:

	Period ended 31 December 2020
Profit/ (Loss) before tax	(9 331)
Applicable tax rate	19%
Calculated income tax	1 773
Tax effect of:	
Difference in overseas tax rate	312
Adjustments related to deferred tax	537
Tax exempt income/non-tax deductible expenses	(3 399)
Utilisation of brought forward tax losses	182
Total current tax income/(expense)	(595)

DHG Holdco S.à r.l.
R.C.S. Luxembourg B240691
Consolidated financial statements
as at December 31, 2020

10. Tangible fixed assets

Details of the Group's tangible fixed assets and their carrying amounts are as follows:

	Leasehold improvements	Assets under construction	Plant and machinery	Motor vehicles	Fixtures & fittings	Right of use assets	Freehold	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
Additions	131	32	931	17	260	797	1	2 169
Arising on acquisition	753	91	5 164	322	1 208	4 664	1 511	13 713
Disposals	-	-	(153)	-	-	(266)	-	(419)
Transfers between classes	-	(91)	91	-	-	-	-	-
Net exchange differences	3	-	97	1	66	43	64	274
As at 31 December 2020	887	32	6 130	340	1 534	5 238	1 576	15 737
Depreciation								
Charge for the period	164	-	729	12	128	1 064	6	2 103
Arising on acquisition	297	-	3 484	291	918	1 122	105	6 217
Disposals	-	-	(59)	-	-	(266)	-	(325)
Net exchange differences	-	-	99	1	37	7	10	154
As at 31 December 2020	461	-	4 253	303	1 083	1 927	121	8 149
Net book value								
As at 31 December 2020	426	32	1 877	36	451	3 311	1 455	7 588

During the period, the Group held equipment with a carrying value of £159k, which were financed by finance leases and secured by the lessor's title to the leased assets.

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

11. Leases

As of December 31, 2020, the net book value of right of use assets amounts to £ 3 311k.

	Property	Motor vehicles	Other	Total
	£'000	£'000	£'000	£'000
Additions	137	660	-	797
Acquisition of subsidiaries	2 843	671	80	3 594
Disposals	-	(266)	-	(266)
Depreciation charge	(667)	(371)	(26)	(1 064)
Depreciation eliminated on disposal	-	215	-	215
Net exchange difference	-	35	-	35
At 31 December 2020	2 313	944	54	3 311

Lease liability in the balance sheet at 31 December	2020
	£'000
Current	1 808
Non-current	1 855
At 31 December 2020	3 663

Amounts charged in the statement of income	2020
	£'000
Depreciation charge on right of use assets	1 064
Interest on lease liabilities	129
At 31 December 2020	1 193

Cash outflow	2020
	£'000
Total cash outflow for leases	1 399

Expenses recognised in relation to low-value and short-term leases are considered highly immaterial to these financial statements.

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

12. Intangible assets

Details of the Group's intangible fixed assets and their carrying amounts are as follows:

	Patents	Development costs	Manufacturing know-how	Brands and customer list	Goodwill	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
Arising from acquisitions	504	2 391	561	348	244	698	4 746
Arising from business combinations	-	-	-	42 307	45 689	-	87 996
Additions	41	6	-	-	-	814	861
Disposals	-	(24)	-	-	-	-	(24)
Net exchange differences	9	247	13	71	255	-	595
As at 31 December 2020	554	2 620	574	42 726	46 188	1 512	94 174
Amortisation							
Arising from acquisitions	193	1 842	132	99	102	-	2 368
Charge for the year	32	168	109	2 763	-	-	3 072
Net exchange differences	7	187	12	-	10	-	216
As at 31 December 2020	232	2 197	253	2 862	112	-	5 656
Net book value							
As at 31 December 2020	322	423	321	39 864	46 076	1 512	88 518

Goodwill impairment testing

For the purpose of annual impairment testing, goodwill is compared to its recoverable amount.

The goodwill has been assessed for impairment using a discounted cash flow forecast, followed by extrapolation of expected cash flows for its indefinite useful life. These cashflows have been based on 3-year forecasts, with indefinite cashflows based on a historical cash flow generation rate. Management have assumed a 3% growth rate and a pre-tax 7% discount rate, both of which they acknowledge are prudent. Despite this, the calculations still results in significant headroom between the value in use and carrying value of the assets in question. This indicates no impairment is deemed necessary. The group is run on an entity-wide basis and therefore there is deemed to be only one cash generating unit.

The directors believe that any reasonably possible change in key assumptions, namely discount rate and growth rate, upon which the recoverable amount is based would not cause the aggregate carrying value to exceed the aggregate recoverable amount.

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

Intangibles other than goodwill

Development expenditure is internally generated and relates to the development of specialist medical equipment. Amortisation will commence once the development is complete over its expected useful economic life of 6 years. All other intangibles and goodwill are separately acquired. Research and development costs of £ 89k were recognized as other expenses.

Amortisation of intangible assets is included within the intangibles amortisation expense in the consolidated statement of comprehensive income.

13. Inventories

Inventories consist of the following:

	2020 £'000
Raw materials and consumables	3 071
Work in progress	17
Finished goods	3 326
	<hr/> 6 414 <hr/>

During the period, inventories of £18 736k was recognised as an expense during the year and included in cost of sales.

In addition, inventories have been reduced by £61k as a result of the write-down to net realizable value. This write down was recognised as an expense during the year.

14. Trade and other receivables

The detail of trade and other receivables of the Group for the year ended 31 December 2020 is as follows:

	2020 £'000
Trade receivables	8 172
Other receivables	153
Prepayments	524
	<hr/> 8 849 <hr/>
	2020 £'000
Trade receivables	8 266
Allowance for credit losses	(94)
	<hr/> 8 172 <hr/>

All amounts are short-term and generally due for payment in 30 days. The net carrying value of the trade receivables approximate its fair value.

15. Capital commitments

Capital commitments which were authorised and contracted for at the year-end were £68k.

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

16. Deferred tax

No deferred tax assets have been recognised during the year.

The following deferred taxes exists:

	Temporary differences £'000	Intangible assets £'000	Total £'000
At 4 December 2019	90	-	90
Deferred tax recognised on acquisition	(83)	(8 787)	(8 870)
(Charge)/credit to income	(67)	604	537
As at 31 Dec 2020	(60)	(8 183)	(8 243)

17. Current trade and other payables

The detail of trade and other payables of the Group for the year ended 31 December 2020 is as follows:

	2020 £'000
Trade payables	3 958
Other taxation and social security	2 557
Other creditors	96
Accruals and deferred income	3 837
	<u>10 448</u>

18. Lease liabilities

	2020 £'000
Within one year	1 808
In the second to fifth years inclusive	1 855
More than five years	-
	<u>3 663</u>

19. Bank debts

The detail of bank debts of the Group for the year ended 31 December 2020 is as follows:

	2020 £'000
Bank loans	46 964
	<u>46 964</u>

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

On 20 June 2020, the Group entered into a credit facility with Muzinich Pan-European Private Debt Luxco S.à r.l. and Muzinich Firstlight Middle Market Luxco S.à r.l. and drew down £42,098k. On 27 October 2020, the Group drew down on £6,352k as part of the acquisition of the Catital group. A floating charge has been granted over all the assets within the group. The interest rate charge is a variable rate, depending on the level of gearing, at a rate above libor. For the period ended 31 December 2020, this amounted to 7.05%. This is repayable in full by 8 June 2026. Included in the Bank loans balance is a capitalised loan arrangement fee of £1,808k which is being amortised over the period of the facility

20. Loans and borrowings

The detail of loans and borrowings of the Group for the year ended 31 December 2020 is as follows:

	2020
	£'000
<i>Non-current liabilities</i>	
Loan notes	5,552
Interest on loan notes	542
Preferred corporate units	48,615
Accrued interests on preferred corporate units	4,787
	<u>59,496</u>

Preferred corporate units

Preferred corporate units are redeemable 10 years after issuance are classified as financial liabilities and are presented in Borrowings in line with IFRS 9. The 10% cumulative dividends on these preferred corporate units are recognised as interest expense within finance costs, for disclosure refer to Note 4.

The movement of the year of the preferred corporate units is as follows:

	2020
	£'000
Preferred corporate units	
Balance at the beginning of the period	-
Additions	72,115
Redemption	(23,500)
Accumulated interest	6,048
Interest paid	(1,261)
Balance at the end of the period	<u>53,402</u>

Loan notes

Loans notes is composed of loans with its ultimate parent as follows:

Amount subscribed by the Company £'000	Redemption date Interest rate	Interest rate (fixed)	Interest payment Date	Accrued interests as at December 31, 2020 £'000
5,552	06-12-2029	10%	31-Dec	542

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

21. Share capital

As at 31 December 2020, the subscribed and issued share capital of the Company is as follows:

	Ordinary Corporate Units	
	Class A	Class B
Number of shares	112 157 307	15 840 666
Nominal value/Par value of shares	0,01	0,01
Share capital issued (£'000)	1 122	158
		2020
<u>Shares issued and fully paid:</u>		£'000
Beginning of the year		
Incorporation of the Company		30
Shares issue		1 250
Shares issued and fully paid		1 280
Capital contribution without issue of shares		104

The company was incorporated on December 4, 2019 and on that date issued 30 000 ordinary shares at par value of £1.00 to the shareholders. On December 6, 2019, the shareholders resolved to decrease the nominal value of the existing shares of the company from £1 to £0.01, and to convert the then existing 30,000 ordinary shares into 3,000,000 ordinary shares.

On December 27, 2019, a further 94 000 000 share were issued at par value.

On 3 June 2020, a further 22 605 440 shares were issued to the shareholders for a consideration of £330k thereby generating a share premium of £104k. On 20 July 2020, an additional 5 219 022 shares were issued at par value.

On November 11, 2020, a further 3 173 511 shares were issued to the shareholders at par value.

The Investment Agreement states that each A ordinary shareholder has the right to attend, speak and vote at general meetings of the Company.

The Investment Agreement states that each B ordinary shareholder has the right to attend general meetings of the Company but shall each waive their voting rights for an indefinite period of time.

The authorized capital of the Company is set at £88 197 870 consisting of 8 819 787 023 corporate units of any class with a nominal value of GBP 0.01 each.

Per the articles, the balance of net profit may be distributed to the shareholders subject to Clause 12 of the Investment Agreement.

22. Share premium

Share premium represents the excess of contributions received over the nominal value of shares issued. As of December 31, 2020, the share premium amounts to £ 104k.

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

23. Financial instruments

Capital management

The Group's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth to provide returns to its shareholders. The Group defines the capital it manages as the aggregate of its equity, which comprises share capital, contributed surplus, deficit and accumulated other comprehensive income.

The Group is not subject to externally imposed capital requirements.

Categories of financial instruments

	2020
	£'000
Financial assets at amortised cost:	
Trade and other receivables (excluding prepayments)	8 325
Cash and cash equivalents	10 231
	<u>18 556</u>
Financial liabilities at amortised cost:	
Trade payables	3 958
Loans and borrowings	59 496
Bank debts and accrued interest	47 169
Other payables	96
Lease liabilities	3 663
	<u>114 382</u>

The carrying amounts of accounts receivable, accounts payable and certain accrued liabilities, all of which are financial instruments, are considered to approximate the fair value of these items due to the short-term nature of the amounts involved.

Financial risk management objectives

The Group's Finance function is responsible for all aspects of corporate treasury. It co-ordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through internal reports which analyse exposures by degree and magnitude. The risks reviewed include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Market risk

Market risk is the risk changes in market prices, such as fluctuations in foreign exchange rates and interest rates, affect the Group's earnings or the value of its financial instruments. The Group's financial instruments do include senior debt which is based on Libor/Euribor plus a margin, as such subject to market risk which management continually monitor.

Concentration risk

The Group's financial instruments are exposed to certain risks and concentrations. The concentration of credit risk on accounts receivable relates to a small number of large customer balances owing at any time. As at December 31, 2020 no one customer represented approximately at least 4% of the total accounts receivable.

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

Foreign exchange risk

The Group is exposed to the following currency risk on its net investment in self-sustaining operations as at December 31, 2020:

	Net assets held in foreign currencies
	2020
	£'000
Receivables in EUR	2 748
Payables in EUR	(22 207)
Receivables in SEK	261
Payables in SEK	(811)
Receivables in USD	1
Payables in USD	(317)
Receivables in DKK	256
Payables in DKK	(4)
Receivables in NOK	207
Payables in NOK	(54)
Payables in NZD	(1)
	<u>(19 921)</u>

Foreign currency sensitivity analysis

A one pence reduction in the foreign exchange translation rate of pounds sterling to the above currencies would impact other comprehensive income (on a pre-tax basis) by an immaterial amount, less than £202k. Management continually monitor the foreign currency exposure.

Credit risk management

Credit risk represents the financial loss the Group would experience if a counter-party to a financial instrument, in which the Group has an amount owing from the counterparty, failed to meet its obligations in accordance with the terms and conditions of its contracts with the Group.

The Group's credit risk is primarily attributable to its accounts receivable as cash balances are deposited with reputable financial institutions. The Group performs ongoing credit evaluations of new and existing customers' financial condition and reviews the collectability of accounts receivable in order to mitigate any possible credit losses. The accounts receivable amounts disclosed in the financial statements are net of allowances for doubtful accounts, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

Liquidity risk management

Liquidity risk is the risk the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risk through the management of its capital structure as outlined above. All accounts payable and certain accrued liabilities, which are financial instruments, are due in 2020 and the required contractual cash flows approximate the carrying amount of these financial liabilities.

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

The following are the contractual maturities of financial liabilities, including estimated interest payments at the reporting date. The amounts are gross and undiscounted:

£'000	Less than 1 year	From 1 to 5 years	Over 5 years	TOTAL
Trade and other payables	9 998	450	-	10 448
Bank debts	-	205	48 394	48 599
Loans and borrowings	-	-	59 496	59 496
Lease liabilities	1 747	2 150	-	3 897
Bank debts interests	128	-	-	128
Total	11 873	2 805	107 890	122 568

DHG Holdco S.à r.l.
R.C.S. Luxembourg B240691
Consolidated financial statements
as at December 31, 2020

24. Business combination

A. Acquisition of Direct Healthcare Group Holdings Limited

On 4 December 2019, the Company acquired 100% of the equity instruments of Direct Healthcare Group Holdings Limited, a UK based business, thereby obtaining control. Direct Healthcare Group Holdings Limited manufactures and sells a range of medical devices that contribute to the delivery of harm free patient care. The company was identified as being a platform investment from which the group could implement its buy and buy strategy in order to meet its vision of becoming a significant European supplier of medical devices in its chosen markets.

Recognised amounts of identifiable assets acquired and liabilities assumed:

	Book value £'000	Adjustment to opening balance sheet £'000	Fair value adjustment £'000	Fair value £'000
Tangible fixed assets	4 443	-	-	4 443
Goodwill and intangible assets	18 233	(16 629)	22 966	24 570
	22 676	(16 629)	22 966	29 013
Financial assets				
Inventory	1 654	-	-	1 654
Receivables	4 245	-	-	4 245
Cash	2 107	-	-	2 107
Total assets	8 006	-	-	8 006
Financial liabilities				
Payables	(2 204)	-	-	(2 204)
Corporation tax	(583)	-	-	(583)
VAT	(403)	-	-	(403)
Bank debt	(9 755)	-	-	(9 755)
Finance leases	(2 952)	-	-	(2 952)
Loan notes	(13 014)	-	-	(13 014)
Total liabilities	(28 911)	-	-	(28 911)
Other non-financial liabilities				
Deferred tax on intangible assets	(587)	587	(4 668)	(4 668)
Fair value of net assets acquired	1 184	(16 042)	18 298	3 440
Goodwill				32 800
Fair value of cash consideration transferred				36 240

The components of goodwill are considered to relate to sales synergies (especially international growth); assembled workforce; arbitrage and manufacturing know how.

Acquired receivables of £4245k, includes a provision of £50k.

Sales for the period Dec-19 to Dec-20 were £27,037k and profit of £3,300k.

DHG Holdco S.à r.l.
R.C.S. Luxembourg B240691
Consolidated financial statements
as at December 31, 2020

B. Acquisition of GATE Rehab Development AB

On 28 February 2020, the group acquired 100% of the equity instruments of GATE Rehab Development AB, a Sweden based business, thereby obtaining control. GATE Rehab Development AB manufactures and sells a range of medical devices that add to the group's product range and geographic footprint. The acquisition expanded the groups product range and geographical footprint.

Recognised amounts of identifiable assets acquired and liabilities assumed:

£'000	Book Value	Adjustment to opening balance sheet	Fair value adjustment	Fair value
Tangible fixed assets	397	-	-	397
Goodwill and Intangible assets	39	-	1 312	1 351
Non Current Assets	436	-	1 312	1 748
Financial assets				
Inventory	803	(67)	-	736
Receivables	503	-	-	503
Cash	13	-	-	13
Total Assets	1 460	(67)	1 312	2 999
Financial Liabilities				
Payables	(497)	-	-	(497)
VAT	(44)	-	-	(44)
Corporation tax	(10)	(3)	-	(13)
Finance Lease	(294)	-	-	(294)
Total Liabilities	(845)	(3)	-	(848)
Other non-financial liabilities	-	-	-	-
Deferred tax on intangible assets	-	-	(270)	(270)
Fair value of net assets acquired	909	(70)	1 042	1 881
Goodwill				558
Fair value of cash consideration transferred				2 438

The components of goodwill are considered to relate to assembled workforce; arbitrage and manufacturing know how.

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

C. Acquisition of Handicare Patient Handling

On 4 May 2020, the group acquired 100% of the equity instruments of the Handicare Patient Handling business, thereby obtaining control. The patient handling business provides patient handling equipment, which is complementary to the Group's strategy and operates in several of the groups target European geographies.

Recognised amounts of identifiable assets acquired and liabilities assumed:

£'000	Book Value	Adjustment to opening balance sheet	Fair value adjustment	Fair value
Tangible fixed assets	1 529	-	990	2 519
Goodwill and Intangible assets	2 924	(2 245)	13 433	14 112
Non-current Assets	4 453	(2 245)	14 423	16 631
Financial assets				
Inventory	2 214	-	(192)	2 022
Receivables	4 273	(36)	-	4 238
Corporation tax	90	-	-	90
Cash	10 240	-	-	10 240
Total Assets	21 270	(2 281)	14 231	33 220
Financial Liabilities				
Payables	(3 384)	(417)	-	(3 801)
VAT	(507)	-	-	(507)
Finance leases	(866)	-	-	(866)
Intercompany	(3 943)	-	-	(3 943)
Total Liabilities	(8 700)	(417)	-	(9 117)
Other non-financial liabilities				
Deferred tax on intangible assets			(2 944)	(2 944)
Fair value of net assets acquired	12 570	(2 698)	11 287	21 159
Goodwill				9 429
Fair value of cash consideration transferred				30 588

The components of goodwill are considered to relate to sales synergies; assembled workforce; arbitrage and manufacturing know how.

Sales for the period May-20 to Dec-20 were £19,783k and profit of £1,519k. The Patient Handling business was carved out from Handicare AB, and as it is impractical to disclose sales and profit information prior to the acquisition.

Acquired receivables of £4,273k, includes a provision of £45k

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

D. Acquisition of Carital Oy

On 29 October 2020, the group acquired 100% of the equity instruments of Carital Oy, a Finnish based business, thereby obtaining control. Carital Oy manufactures and sells a range of medical devices, which are complementary to the group's product portfolio. The acquisition also provided expansion into another of the groups target European markets.

Recognised amounts of identifiable assets acquired and liabilities assumed:

£'000	Book Value	Adjustment to opening balance sheet	Fair value adjustment	Fair value
Tangible fixed assets	46	368	-	413
Goodwill and Intangible assets	-	-	3 142	3 142
Non-current Assets	46	368	3 142	3 555
Financial assets				
Inventory	1 227	(186)	-	1 041
Receivables	630	-	-	630
VAT	1	-	-	1
Corporation tax	-	65	-	65
Cash	1 203	-	-	1 203
Total Assets	3 106	247	3 142	6 495
Financial Liabilities				
Payables	(526)	(99)	-	(626)
Bank Debt	(380)	-	-	(380)
Total Liabilities	(906)	(99)	-	(1 005)
Other non-financial liabilities	-	-	-	-
Deferred tax on intangible assets	-	-	(628)	(628)
Fair value of net assets acquired	2 200	147	2 514	4 862
Goodwill				2 531
Fair value of consideration transferred				7 393

The fair value of consideration includes an amount of deferred consideration of £899k and cash of £6,494.

The components of goodwill are considered to relate to sales synergies; assembled workforce; arbitrage and manufacturing know how.

25. Related party transactions

A. Parent entities

The immediate holding company of DHG Holdco S.à r.l. is MP1 DHG Investment S.à r.l., a company incorporated in Luxembourg. The ultimate controlling parties are Denis Ribon and Vincent Guillaumot who own a group of funds managed by Archimed.

B. Subsidiaries

Interests in subsidiaries are set out in note 2.

DHG Holdco S.à r.l.
R.C.S. Luxembourg: B240691
Consolidated financial statements
as at December 31, 2020

C. Key management personal compensation

	2020
	£'000
Directors' emoluments	1 886
Pension	97
	<u>1 983</u>

No other advances, credits or guarantees have been entered into with any of the Directors of the Group.

Balances and transactions between the parent company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

D. Transaction with other related parties

The following transactions occurred with related parties:

Transaction with other related parties

	2020
	£'000
Finance costs	(6 901)
	<u>(6 901)</u>

E. Outstanding balances arising from sales/purchases of goods and services

No outstanding balances with related parties arising from sale/purchases of goods exists at the end of the reporting period.

F. Loans to/from related parties

Loans to/from related parties

	2020
	£'000
Loans from parent entity	(59 496)
	<u>(59 496)</u>

26. Subsequent event

On March 2, 2021, the group acquired Talley Group with operations in the UK. In addition, on March 16, 2021, the group acquired United Care patient handling business, with operations in the Netherlands. These acquisitions are intended to bolster the groups existing presence in both the UK and the Netherlands and strengthen DHG's position as a leading manufacturer of pressure care, specialist seating, patient handling, and bathroom safety solutions. As at the time of signing these accounts, the business combination notes for these new acquisitions have yet to be finalized.

The impact of COVID-19 has had a significant impact on the global economy and the directors' continue to closely monitor the impact of COVID-19 on the group to ensure that the group meets the demands of its customers. The group have also maintained close relationships with suppliers to ensure the group has the ability to fulfil the fluctuations in demand as a result of COVID-19.