

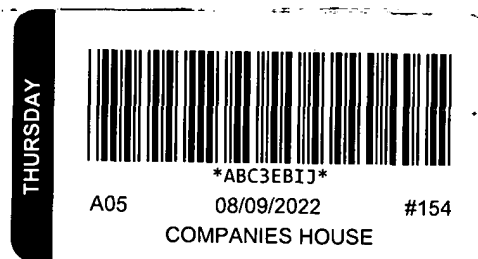
**SYSTAGENIX WOUND MANAGEMENT, LIMITED**

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**Systagenix Wound Management, Limited**

**Report and Financial Statements**

**For the year ended  
31 December 2021**



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Registered company number 06682375

**REPORT AND FINANCIAL STATEMENTS**  
**for the year ended 31 December 2021**

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## **SYSTAGENIX WOUND MANAGEMENT, LIMITED**

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### **COMPANY INFORMATION**

REGISTERED COMPANY NUMBER      06682375

REGISTERED OFFICE      3M Centre  
Cain Road  
Bracknell  
Berkshire RG12 8HT  
United Kingdom

DIRECTORS      Simla Semerciyan  
Jonathan Robert Lasparini (appointed 28 June 2021)  
Mark Stinson (appointed 28 June 2021)

INDEPENDENT AUDITORS      PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
3 Forbury Place  
23 Forbury Road  
Reading  
Berkshire  
RG1 3JH

BANKERS      JP Morgan  
25 Bank Street  
Canary Wharf  
London  
E14 5JP

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## SYSTAGENIX WOUND MANAGEMENT, LIMITED

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### STRATEGIC REPORT for the year ended 31 December 2021

The directors present their Strategic Report for the company Systagenix Wound Management, Limited for the year ended 31 December 2021.

Systagenix Wound Management, Limited (or the "company") is a wholly owned subsidiary of Systagenix Wound Management B.V., a company incorporated in the Netherlands, which has its principal place of business at Amsterdam. The Company's ultimate parent company is 3M Company, a company listed at the New York Stock Exchange (NYSE:MMM), with its principal executive offices at 3M Center, Bldg. 220-9E-02 St. Paul, MN 55144-1000, United States of America.

Copies of its group financial statements, which include the Company, are available from <https://investors.3m.com>.

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company is the sale and distribution of professional wound care products to fellow subsidiary companies globally and directly to third party customers. There has been no significant change to the principal activity of the company during the current or previous reporting period.

The gain for the year after taxation amounted to £13,782,000 (2020: loss of £11,457,000).

### RESULTS FOR THE YEAR AND STATE OF AFFAIRS AS AT 31 DECEMBER 2021

The statement of total comprehensive income, statement of financial position and statement of changes in equity are set out on pages from 20 to 22.

Analysis using key financial performance indicators to the extent needed to give understanding of the development, performance or financial position.

	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>% Change</u></b>
	£'000	£'000	
Turnover	78,129	64,524	<b>21%</b>
Gross margin	50%	23%	<b>122%</b>
Operating (loss)/profit	12,705	(11,872)	<b>207%</b>
Profit(loss) on ordinary activities after taxation	13,782	(11,457)	<b>220%</b>
Total Equity	87,093	73,311	<b>19%</b>
Current assets as % of current liabilities (' quick ratio ')	2.39	1.22	<b>96%</b>
Average number of employees	41	55	<b>-25%</b>

The quick ratio increased in comparison to 2020. The loss during 2020 can be explained by a one-off revaluation of inventory due to excess inventory being fully reserved for amounting to £5.8m. Furthermore, some higher expenses during 2020 were incurred on R&D costs, storage costs, allocation expenses and legal expenses totalling 3.2m GBP. During 2021 turnover increased by £14 million in comparison to 2020. This was assisted by the utilisation of 3M distribution channels and the emergence from Covid.

## **SYSTAGENIX WOUND MANAGEMENT, LIMITED**

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### **STRATEGIC REPORT for the year ended 31 December 2021 (Continued)**

#### **RESULTS FOR THE YEAR AND STATE OF AFFAIRS AS AT 31 DECEMBER 2021 (Continued)**

The directors, having reviewed the performance of the company for the year ended 31 December 2021, are satisfied with the performance of the business and the results for the year. The directors expect that business activity for the coming year will remain relatively consistent to that of the current year.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

- The company operates in a market which is characterised by continuous change. As a result, the company faces risks and uncertainties which may have a significant impact on its ability to achieve continued success within its market. These risks and uncertainties are summarised as follows: The company faces significant risk from declining demand from third parties due to local or global market conditions.
- The company faces significant and increasing competition, which could adversely affect operating results.
- If the Group is unable to develop new professional wound care products the company may lose revenue.
- Foreign currency risk predominantly is run by invoicing out in different foreign currencies. This is a customer requirement. Where we can, we address this but where there are requirements by the customer to do this we will keep invoicing in foreign currencies.
- Credit risk due to slow paying customers. This risk is being mitigated by using automated controls in our system (like Credit Limits and holds). Furthermore, monthly calls are setup between Finance and Commercial to discuss all customers and discuss actions to be performed on managing the overdues and the credit risk.
- Interest rate risk: The company does not make use of derivatives to influence its risk profile with respect to fixed and variable interest rate positions. These instruments are not considered necessary due to the nature of these positions and amounts involved.
- Risk of impairment of intangible asset and goodwill. As a company we address this by doing an annual review on this risk. We calculate if any impairment triggers exist and in case these exist we calculate with further models if any impairment is necessary.
- Brexit risk: The company sells outside of the United Kingdom and the risk around this has been assessed. A project group was formed to look into this and preparations were made to deal with this risk in time. No large risk was identified that could result in a loss of revenue. Some measures were taken to deal with some more extensive shipping documentation.
- COVID-19 risk: 3M, as a global Company, is impacted by public health crises such as the global pandemic associated with COVID-19. The outbreak has significantly increased economic and demand uncertainty. In addition, public and private sector policies and initiatives to reduce the transmission of COVID-19, such as the imposition of travel restrictions and the adoption of remote working, have impacted 3M's operations. In these challenging and dynamic circumstances, 3M is working to protect its employees and the public, maintain business continuity and sustain its operations.

Locally, Systagenix Wound Management, Limited experience relatively limited negative effect of the close down of the UK society and markets. With the broad portfolio of products Systagenix Wound Management, Limited has and markets we operate in, combined with the current financial solidity, we do not see any risks for the company as a strong financial going concern. The situation is adequately under control and the necessary counter-measures provided by the company are deemed adequate. The company will continue to monitor the situation closely as we progress.

## **SYSTAGENIX WOUND MANAGEMENT, LIMITED**

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### **STRATEGIC REPORT for the year ended 31 December 2021 (Continued)**

#### *Section 172 statement*

The directors take their duties and responsibilities seriously when managing the Company. The way in which directors' duties and responsibilities are applied is covered, in part, within the Directors Report on page 15 of these financial statements.

The following highlights how the directors have delivered against the requirements of Section 172 in the application of their duties:

#### **S172(1)(A) "The likely consequences of any decision in the long term"**

All decisions of the Company are aligned to our four strategic priorities, which are portfolio management, transformation, innovation, and our people and culture. All decisions of the Company are taken in line with our written policies and our Code of Conduct which, put simply, requires that all employees "Be Good, Be Honest, Be Fair, Be Loyal, Be Accurate, and Be Respectful".

#### **S172(1)(B) "The interests of the Company's employees"**

Employees are a key stakeholder in the operations of the Company and this is reflected in the fact that 'People and Culture' is a strategic priority, fundamental and core to promoting the Company's success. By design, one of the board members is the head of HR for the Company which helps bring employee-related issues and perspectives to board decision making.

#### *Brexit*

Whilst the UK has now left the European Union (EU), several regulatory issues are still in the process of being implemented.

The UK version of the EU's REACH chemical registration and evaluation regulations has an implementation lead time running to 2027, depending on tonnage, and the company is working through the requirements associated with registering substances for use in the UK.

The General Product Safety Regulations are due for full implementation on 1 January 2023, and the company expects to have completed all necessary packaging and labelling changes by this date.

The UK Conformity Assessed (UKCA) marking requirements for packaging and labelling for personal protective equipment (PPE) also go live, following an extension, on 1 January 2023. The company expects to be compliant by this date. The on-product UKCA marking requirements for PPE (where the mark appears on the product itself) are due by 1 January 2024 and again, the company expects to meet this timeline.

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## SYSTAGENIX WOUND MANAGEMENT, LIMITED

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### STRATEGIC REPORT for the year ended 31 December 2021 (Continued)

#### S172(1)(B) "The interests of the Company's employees" (Continued)

For medical devices, full compliance with UKCA marking is due to be implemented by 30 June 2023, however the regulation to which medical device companies are expected to comply has not yet been published. A consultation was conducted by the Medicines and Healthcare products Regulatory Agency in the Autumn of 2021, the results of which, and the Government's response, have not yet been published. The medical devices industry is pressing Government for a speedy resolution of this issue along with a more realistic implementation timeframe.

#### *Employee communications*

A range of communications channels are used to keep employees informed of business performance, policy changes and people news, including our Company intranet, 3M Go; broadcast emails; a weekly news round-up; a monthly Core Brief - a summary of the issues on the mind of the North Europe Regional Leadership Team ("RLT"), designed for managers to discuss with their teams, in order to provide two-way communication; and MD-led quarterly online Town Hall meetings. There is a globally-driven programme for employees to pose questions directly to the ultimate parent company's CEO. The Company runs employee engagement surveys regularly and the RLT reviews the results so that any necessary actions can be taken.

#### *Employee Experience Programme*

The Employee Experience is a programme that covers every aspect of what it is to be a 3Mer, recognising that employees are the Company's most valuable asset.

The programme has six pillars, with a senior leader appointed to champion each of the focus areas:

- Celebrating Success
- Communication and Listening
- Diversity and Inclusion
- Wellbeing
- 3M Culture
- 3Mgives (community volunteering)

Programmes are reviewed for efficacy on a regular basis by the RLT.

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## SYSTAGENIX WOUND MANAGEMENT, LIMITED

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### STRATEGIC REPORT for the year ended 31 December 2021 (Continued)

#### S172(1)(B) "The interests of the Company's employees" (Continued)

##### *Employee Assistance Programme (EAP)*

The EAP is a free and fully confidential service that is available to employees 24/7, 365 days a year. The service consists of the following key support areas:

- *Counselling services:* face-to-face or via telephone
- *Information services:* a wide-ranging, up-to-date and easily accessible telephone information service provides employees with the knowledge they need to quickly and effectively resolve work-life issues with the minimum impact on themselves or their work
- *An online employee and manager resource:* a web-based client information resource, designed to help employees with today's challenges, assist managers with their day-to-day activities and provide a chance to prepare for any major events that may arise in the future
- *Management support:* expert advice and guidance focusing on the people side of management

##### *Work Your Way*

The Covid-19 pandemic has forever changed how we work and taught the Company that it can and needs to reimagine how 3M operates. A more flexible way of working is essential for continued growth; to attract and retain talent in an increasingly competitive environment; to enable us to be more inclusive of our global community; and to drive stronger connections that will help us to better serve our customers.

The Work Your Way is a new global philosophy that prioritises flexibility for all employees and supports working differently. It unlocks three broad options that represent how employees can work, based on role and preference:

- Mainly on-site – at a 3M location
- Hybrid – blending time on-site and offsite
- Remote – primarily offsite

In the UK, project teams have commenced working on preparations for implementing Work Your Way, ensuring that the core elements of the model are maintained while complying with local laws and regulations.



## SYSTAGENIX WOUND MANAGEMENT, LIMITED

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### STRATEGIC REPORT for the year ended 31 December 2021 (Continued)

#### **S172(1)(C) "The need to foster the Company's business relationships with suppliers, customers and others"**

##### *Customers*

Whether it's technology, manufacturing, global capabilities or our brand, we are committed to connecting our strengths to those of our customers'. Our four strategic priorities deliver value for our customers, while our innovation is based on customer and market insights, technology and a culture of collaboration and entrepreneurship.

We regularly conduct customer satisfaction surveys to understand our customers' perceptions of how we are meeting their needs. Our business leaders engage directly with customers on a regular basis to understand their particular challenges and how we may be able to help solve them.

We strive to invent products that are not only new, but useful. That is why 3M scientists work directly with customers to solve their unique challenges. In the Customer Innovation Centre at our Head Office in Bracknell, Berkshire, our customers can experience first-hand the breadth of 3M technologies and learn how they can benefit from them

##### *Suppliers*

Our key suppliers are an essential element of our supply chain. We have an entire function (Sourcing) devoted to our engagement with suppliers.

The 3M Supplier Responsibility Code (SRC) outlines 3M's social and environmental expectations for new and existing suppliers anywhere in the world and for any supplied material or service. The SRC is consistent with the code of conduct outlined within the Responsible Business Alliance and is based on 3M's corporate values for sustainable and responsible operations and aligns with the 10 Principles of the UN Global Compact, to which 3M is a signatory. Conformance to this Code is required to become or remain a supplier to 3M, anywhere in the world, and for any supplied material or service.

We work with our suppliers to ensure all of their activities operate in full compliance with the laws, rules and regulations of the locations in which they operate. We ask that our suppliers maintain compliant systems

and can demonstrate a satisfactory record of compliance with laws and regulations in conducting their business. 3M also encourages its suppliers to go beyond legal compliance, drawing upon internationally recognised standards to advance social and environmental responsibility and business ethics. Our suppliers are also expected to manage the value chain and ensure that their subcontractors and suppliers also align to the principles within this Code.

A self-assessment questionnaire helps 3M understand supplier programmes and determine whether they conform to 3M expectations. An on-site assessment may be conducted by 3M or a third party to identify potential deficiencies addressed through the SRC Corrective Action Preventive Action process.

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## **SYSTAGENIX WOUND MANAGEMENT, LIMITED**

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### **STRATEGIC REPORT for the year ended 31 December 2021 (Continued)**

#### **S172(1)(C) "The need to foster the Company's business relationships with suppliers, customers and others" (Continued)**

##### *Ultimate Parent*

The Company has just one member, Systagenix Wound Management B.V. The Company's ultimate parent company is 3M Company which is listed on the New York Stock Exchange. The interests of 3M Company stockholders is paramount, and our parent company has an Investor Relations team which communicates regularly with stockholders to keep them informed of progress.

##### *Pensioners*

The 3M Pension and Life Assurance Scheme has a Company-appointed Chair, along with senior 3M Finance, Legal and Human Resources representatives, plus two active (employee) and two retired member trustees. The trustees meet four times per year, with relevant information shared with Scheme members via a newsletter and supplemented by additional communications, as required.

##### *Government*

Systagenix Wound Management Limited is impacted by Government legislation imposed on businesses. As such, the Company has a well-developed programme to understand and interpret Government policy and to make the case for changes when appropriate.

Engagement with elected officials is confined to employees within the Government Affairs function. Those staff are subject to regular compliance training and an annual audit of their activities. The company makes no political contributions in the UK and does not employ current or former Parliamentarians or senior civil servants.

#### **S172(1)(D) "The impact of the Company's operations on the community and the environment"**

##### *Community*

The communities in which we operate are important to the Company.

Our '3Mgives' volunteering programme is focused on those communities where 3M has a presence, with a specific focus on supporting the teaching of Science, Technology, Engineering and Maths (STEM) subjects in schools local to our sites, consistent with our position as a science-based technology company.

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## **SYSTAGENIX WOUND MANAGEMENT, LIMITED**

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### **STRATEGIC REPORT for the year ended 31 December 2021 (Continued)**

#### **S172(1)(D) "The impact of the Company's operations on the community and the environment" (Continued)**

##### *Sustainability*

The group including KCI Medical Limited has a long-standing commitment to environmental stewardship and sustainability. We have been a consistent industry leader in addressing sustainability issues, beginning with the establishment of our Pollution Prevention Pays programme in 1975 and extending to our ambitious 2025 Sustainability Goals.

##### *Diversity, Equity and Inclusion*

As a global company, we are diverse by our very nature, but the Company is also intentional about creating an environment that is inclusive: 3M welcomes, accepts and celebrates peoples' true selves. Transparency and accountability are hallmarks of 3M and are at the core of our first-ever global Diversity, Equity and Inclusion Report.

#### **S172(1)(E) "The desirability of the Company maintaining a reputation for high standards of business conduct"**

It is recognized by the Board that doing business the right way is key to its long term success and the Company has an Ethics & Compliance Function which helps to foster a culture of compliance.

##### *Code of Conduct*

The Code of Conduct is part of 3M's value model. Our values bind us together as 3M employees, across business groups and geographies. 3M employees worldwide are required to sign an annual affirmation that they will always operate in accordance with the Code, which summarises 3M's compliance principles and provides direction when the right choice may not be clear:

- Be Good
  - Be Honest
  - Be Fair
  - Be Loyal
  - Be Accurate
- 
- Be Respectful

3M employees, including all managers and leaders, are responsible for knowing and following the ethical, legal and policy requirements that apply to their jobs and for reporting any suspected violations of law or the Code.

## SYSTAGENIX WOUND MANAGEMENT, LIMITED

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### STRATEGIC REPORT for the year ended 31 December 2021 (Continued)

#### **S172(1)(E) "The desirability of the Company maintaining a reputation for high standards of business conduct" (Continued)**

Our Code of Conduct lays out what it means to be a 3M employee and includes the 3M Respectful Workforce Principle: *"We strive to have a work environment that reflects and values the best in all of us, where we treat each other respectfully and professionally and where individual differences are valued."*

#### *Conflicts of Interest*

Employees with a potential conflict of interest are required to disclose it to their supervisor and ensure it has been recorded in the Company's Conflict of Interest Register. All actual or potential conflicts of interest require disclosure, describing the details of the conflict and the agreed control plan on how it is being managed, in line with the global Conflict of Interest Procedure.

The supervisor documents the disclosure and, if required, will work with a functional expert to review the risks and agree next actions, usually the implementation of a control plan. Potential conflicts of interest should be reported as and when they arise but, as an additional control, all employees are required to complete a conflict of interest statement annually.

#### *Speak Up*

Employees must be aware of, and follow, 3M's Employee Obligations and Reporting Principle that requires them to report all suspected violations of the law or 3M's Code of Conduct to one of the following:

- their manager or supervisor
- their assigned Human Resources Manager or 3M Legal Counsel
- 3M's Ethics and Compliance Department
- 3Methics.com (an anonymous reporting tool managed by an independent third party)
- 3M's Corporate Audit Department
- the Audit Committee of the Board of Directors

## SYSTAGENIX WOUND MANAGEMENT, LIMITED

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### STRATEGIC REPORT for the year ended 31 December 2021 (Continued)

#### *S172(1)(E) "The desirability of the Company maintaining a reputation for high standards of business conduct" (continued)*

##### *Ethics and Compliance*

Ethics and compliance remain at the core of our interactions with employees, customers, business partners and communities. Our Ethics and Compliance Department brings our Code of Conduct to life to ensure that we drive a speak-up culture and do business the right way. In addition to offering online training, the Ethics and Compliance Department - in close collaboration with 3M Legal Affairs, Finance and Human Resources - provides tailored, in-person training opportunities for businesses and staff groups. Some of this training takes place as part of an annual schedule, on request or when deemed appropriate.

We have a Business Conduct Committee which meets quarterly to review compliance with the Code of Conduct and ethics and compliance initiatives. This Committee includes all the Board members.

##### *Compliance education*

We provide training globally to ensure that all employees comply with the law, 3M's Code of Conduct, supporting policies, standards and procedures, including Human Rights.

##### *The World's Most Ethical Companies®*

The World's Most Ethical Companies® programme, managed by the Ethisphere® Institute, honours companies that excel in "promoting ethical business standards and practices internally, enabling managers and employees to make good choices and shaping future industry standards by introducing tomorrow's best practices today." 2021 was the ninth consecutive year 3M made the list.

##### *Modern Slavery*

The Company is committed to ensuring that its supply chains are free from modern slavery and this is expressed in its Modern Slavery Statement which was approved by the Board most recently in June 2021. A copy of this Statement is available on the Company's website.

## SYSTAGENIX WOUND MANAGEMENT, LIMITED

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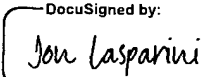
### STRATEGIC REPORT for the year ended 31 December 2021 (Continued)

#### S172(1)(F) "The need to act fairly as between members of the Company"

The Company is held directly by a single member, and has one ultimate parent company, 3M Company in the USA. The Directors consider courses of action that enable delivery of our strategic priorities taking into account the impact on the 3M group of companies globally.

Approved on behalf of the board of Directors by:

Name: Jonathan Lasparini

DocuSigned by:  
  
Signature: E9B64C28226D4AD...

Date: 6 September 2022

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## **DIRECTORS' REPORT for the year ended 31 December 2021**

The directors present their Report and audited financial statements of the company Systagenix Wound Management, Limited for the year ended 31 December 2021.

### ***FUTURE DEVELOPMENTS***

During the financial period 2022, the company will continue to intensify its sales and marketing activity and prepare for future sales growth through increased new product development activity and extension of its diagnostic product range.

The directors will monitor the health emergency and take any necessary actions to minimise any possible impacts of Coronavirus and the COVID-19 pandemic. The company is in a strong financial position to navigate the economic impact of the current situation. As a consequence, the company does not envisage that a material change in its ability to operate is a going concern within at least 12 months from the date of approval of the financial statements.

### ***DIRECTORS***

#### ***In office***

The current directors at the date of signing the financial statements are:

Simla Semerciyan

Jonathan Robert Lasparini (appointed 28 June 2021)

Mark Stinson (appointed 28 June 2021)

#### ***Changes***

Irfan Malik (resigned 28 June 2021)

Jonathan Robert Lasparini (appointed 28 June 2021)

Mark Stinson (appointed 28 June 2021)

### ***DIVIDENDS***

The directors did not recommend the payment of dividend in 2021 (2020: £nil).

### ***POST BALANCE SHEET EVENTS***

Due to a further integration with 3M all employees transitioned per 1<sup>st</sup> of January 2022 to 3M UK PLC. Staff costs for 2021 amounted to £2,674,000 (2020 £3,486,000). This cost saving will result in a further improvement in profitability of the Company.

### ***GOING CONCERN***

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report. The company has positive cashflows, together with significant market share in the Active Healing Solutions (AHS) market. Given that the company is reliant on the cash pooling facility in place from 3M Global Capital SARL, in assessing the appropriateness of the going concern basis of accounting the directors have obtained appropriate assurances that the company will continue to receive adequate support from 3M Global Capital SARL to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of the financial statements. Having made suitable enquiries, the directors consider that the company has adequate financial resources to meet its liabilities as they fall due for a period of at least 12 months from the date of signature of the financial statements for the year ended 31 December 2021. Therefore, the directors have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern. Accordingly, they continue to adopt the going concern basis of preparation in the financial statements for the for the year ended 31 December 2021.

## SYSTAGENIX WOUND MANAGEMENT, LIMITED

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### DIRECTORS' REPORT for the year ended 31 December 2021 (Continued)

#### FINANCIAL INSTRUMENTS

The company does not use financial derivatives. The company is financed by its parent and has a low financial risk. Interest rate risks are managed by borrowing from inter-companies and the company is not exposed to any variable rate instruments. Foreign currency risks are managed through normal financial operations within the structure of group payables and receivables.

#### RESEARCH & DEVELOPMENT

Wound care is a Research & Development (R&D) driven competitive sector, in which Systagenix Wound Management, Limited is mainly acting in the high-end section of advanced wound care. Innovative products and a strong brand identity are required to maintain and grow market share. As such, R&D and strategic marketing are key functions within the Systagenix Group. Research and Developments costs for 2021 were £131,413 (2020: £885,134). All R&D costs as incurred are expensed to the Income Statement.

#### DIRECTORS' INDEMNITIES

The Company maintains liability insurance for its directors and officers in accordance with the Articles of the Company. The Company has also provided an indemnity for its directors and the secretary, which is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006. The indemnity was in place during the financial year and at the time of approval of the financial statements.

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## SYSTAGENIX WOUND MANAGEMENT, LIMITED

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### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

### DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the directors' report is approved:

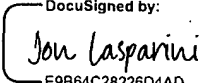
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### RE - APPOINTMENT OF AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting

On behalf of the board of Directors

Name: Jonathan Lasparini

DocuSigned by:  
  
Signature: .....E9884C28226D4AD.....

Date: 6 September 2022

**SYSTAGENIX WOUND MANAGEMENT, LIMITED**

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# Independent auditors' report to the members of Systagenix Wound Management, Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Systagenix Wound Management, Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2021; the statement of total comprehensive income and statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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 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 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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover

## SYSTAGENIX WOUND MANAGEMENT, LIMITED

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the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

### Responsibilities for the financial statements and the audit

#### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

#### Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment laws, health and safety regulations, environmental regulations and EU medical device directives, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as tax regulations and Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of Revenue through fictitious sales transactions, posting fraudulent journal entries to inflate revenue and the risk of management bias in accounting estimates. Audit procedures performed by the engagement team included:

## SYSTAGENIX WOUND MANAGEMENT, LIMITED

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- enquiry of management, those charged with governance and the entity's solicitors (or in-house legal team) around actual and potential litigation and claims
- enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations
- reviewing minutes of meetings of those charged with governance
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness and testing accounting estimates (because of the risk of management bias); and
- auditing the risk of fraud in revenue recognition, including through testing journal entries that are crediting revenue with unusual debits to appropriate supporting evidence

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



John Ellis (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
6 September 2022

**SYSTAGENIX WOUND MANAGEMENT, LIMITED****STATEMENT OF TOTAL COMPREHENSIVE INCOME**  
**for the year ended 31 December 2021**

	Note	2021 £'000	2020 £'000
Turnover	4	78,129	64,524
Cost of Sales		(38,855)	(49,884)
<b>Gross profit</b>		<b>39,274</b>	<b>14,640</b>
Distribution costs		(1,454)	(979)
Administrative expenses		(25,269)	(25,555)
Other operating income		154	22
<b>Operating Profit/(Loss)</b>	<b>5</b>	<b>12,705</b>	<b>(11,872)</b>
Loss on disposal of fixed assets		(146)	(47)
<b>Profit/(Loss) before interest &amp; taxation</b>		<b>12,559</b>	<b>(11,919)</b>
Interest receivable and similar income	7	4	-
Interest payable and similar expenses	7	(42)	(387)
<b>Profit/(Loss) before taxation</b>		<b>12,521</b>	<b>(12,306)</b>
Tax on Profit/(Loss)	8	1,261	849
<b>Profit/(Loss) for the financial year</b>		<b>13,782</b>	<b>(11,457)</b>

All amounts relate to continuing activities.


**SYSTAGENIX WOUND MANAGEMENT, LIMITED****STATEMENT OF FINANCIAL POSITION  
at 31 December 2021**

	Note	2021 £'000	2020 £'000
Intangible assets	9	52,319	61,361
Tangible Assets	10	951	368
Investments	11	1	1
Deferred Tax Asset	12	7,937	5,668
Other non-current assets	13	430	369
<b>Fixed Assets</b>		<b>61,638</b>	<b>67,767</b>
Stock	14	11,838	11,673
Trade and other receivables: Amounts falling due within one year	15	30,247	36,511
Cash and cash equivalents		1,724	7,749
<b>Current Assets</b>		<b>43,809</b>	<b>55,933</b>
Creditors: amounts falling due within one year	16	(18,354)	(50,389)
<b>Net Current assets</b>		<b>25,455</b>	<b>5,544</b>
<b>Total assets less current liabilities</b>		<b>87,093</b>	<b>73,311</b>
<b>Net assets</b>		<b>87,093</b>	<b>73,311</b>
Called up Share Capital	18	5,576	5,576
Share Premium Account		100,650	100,650
Capital Contribution Account		50,817	50,817
Accumulated Loss		(69,950)	(83,732)
<b>Total Equity</b>		<b>87,093</b>	<b>73,311</b>

The Notes to the financial statements section form an integral part of this document, and gives additional information relating to the Statement of Total Comprehensive Income and Statement of Financial Position.

The financial statements were authorised for issue by the Board of directors on 6 September 2022 and were signed on its behalf by:

Name: Jonathan Lasparini

Signature:  E9B64C28226D4AD...

Date: 6 September 2022

**SYSTAGENIX WOUND MANAGEMENT, LIMITED****STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2021

	Called up Share Capital	Share Premium	Capital Contribution Account	Accumulated Loss	Total
	£'000	£'000	£'000	£'000	£'000
Balance as at 1 January 2020	5,576	100,650	50,817	(72,275)	84,768
Loss for the financial year	-	-	-	(11,457)	(11,457)
Total comprehensive expense for the year	-	-	-	(11,457)	(11,457)
Balance as at 31 December 2020	5,576	100,650	50,817	(83,732)	73,311
Balance as at 1 January 2021	5,576	100,650	50,817	(83,732)	73,311
Profit for the financial year	-	-	-	13,782	13,782
Total comprehensive income for the year	-	-	-	13,782	13,782
Balance as at 31 December 2021	5,576	100,650	50,817	(69,950)	87,093

**Called up Share Capital**

Allotted, called up and fully paid shares: 5,575,902 ordinary shares of £ 1.00 each

**Share Premium**

This reserve represents the amount above the nominal value received for shares sold, less transaction costs.

**Capital Contribution Reserve**

This reserve represents loan balances capitalised in previous years.

**Retained Earnings**

Retained Earnings represents cumulative profits or losses, including unrealised profit/losses, net of dividends paid.

## SYSTAGENIX WOUND MANAGEMENT, LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021

#### 1. GENERAL INFORMATION

The principal activity of Systagenix Wound Management, Limited (the "company") is the sale and distribution of professional wound care products. The company is limited by shares and is registered and domiciled in England and Wales. The registered office is at 3M Centre, Cain Road, Bracknell, Berkshire RG12 8HT, United Kingdom.

The company is a private company limited by shares incorporated and domiciled in England and Wales.

Systagenix Wound Management, Limited (or the "Company") is a wholly owned subsidiary of Systagenix Wound Management B.V., a company incorporated in the Netherlands, which has its principal place of business at Amsterdam. The Company's ultimate parent company is 3M Company, a company listed at the New York Stock Exchange (NYSE:MMM), with its principal executive offices at 3M Center, Bldg. 220-9E-02 St. Paul, MN 55144-1000, United States of America. The smallest and largest group to consolidate the financial statements is 3M Company. Copies of its group financial statements, which include the Company, are available from <https://investors.3m.com>.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 2.1 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

The Financial Statements have been prepared in accordance with Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006. The historical cost convention has been adopted. The Financial Statements are prepared in sterling and rounded to the nearest £000 unless otherwise indicated.

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements:

- **Section 7 'Statement of Cash Flows'** – Presentation of a Statement of Cash Flow and related notes and disclosures
- **Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues'** – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; Loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit & loss and in other comprehensive income
- **Section 26 'Share based Payment'** – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled Share-based payments, explanation of modifications to arrangements
- **Section 33 'Related Party Transactions'** - Exemption from disclosing transactions between two members of a group provided that any subsidiary undertaking which is a party to the transaction is 100% owned by the parent
- **Section 33.6 'Key Management compensation disclosures'** - Exemption from disclosing Key Management personnel compensation



**SYSTAGENIX WOUND MANAGEMENT, LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONTINUED)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.1 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (CONTINUED)****2.1.1 GOING CONCERN**

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report. The company has positive cashflows, together with significant market share in the Active Healing Solutions (AHS) market. Given that the company is reliant on the cash pooling facility in place from 3M Global Capital SARL, in assessing the appropriateness of the going concern basis of accounting the directors have obtained appropriate assurances that the company will continue to receive adequate support from 3M Global Capital SARL to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of the financial statements. Having made suitable enquiries, the directors consider that the company has adequate financial resources to meet its liabilities as they fall due for a period of at least 12 months from the date of signature of the financial statements for the year ended 31 December 2021. Therefore, the directors have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern. Accordingly, they continue to adopt the going concern basis of preparation in the financial statements for the for the year ended 31 December 2021.

**2.1.2 ACCOUNTING POLICY AND DISCLOSURES**

The Shareholders of the company have elected to apply the FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland exemption. The exemptions applied can be seen within the Summary of Significant Accounting Policies section within Notes to the financial statements.

**2.2 CONSOLIDATION**

These financial statements are separate financial statements.

The company has taken advantage of the exemption in section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. Consequently, these financial statements present the financial position and financial performance of the company as a single entity.

The parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up, and of which the company is a member, is 3M Company, a company listed at the New York Stock Exchange (NYSE:MMM), with its principal executive offices at 3M Center, Bldg. 220-9E-02 St. Paul, MN 55144-1000, United States of America. Copies of its group financial statements, which include the company, are available from <https://investors.3m.com>.

**2.3 FOREIGN CURRENCY TRANSLATION**

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*a) Functional and presentation currency*

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates (pound). The financial statements are presented in pounds ("£"), which is also the company's functional currency and rounded to the nearest £'000.

**SYSTAGENIX WOUND MANAGEMENT, LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONTINUED)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.3 FOREIGN CURRENCY TRANSLATION (CONTINUED)***b) Transactions and balances*

All Foreign exchange translation differences are taken to Statement of Total Comprehensive Income, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

**2.4 TANGIBLE FIXED ASSETS**

All Tangible fixed assets are reported at historical cost less depreciation and any accumulated impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset when probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be reliably measured.

Carrying amounts of any replaced parts of assets are derecognised and removed from the asset register and financial statements. All asset repairs and maintenance costs are charged to the income statement during the period in which they are incurred.

Major spare parts are classified as property plant and equipment when they are expected to be used during more than one period or only used in connection with an item of property plant and equipment.

Depreciation on assets is calculated using the straight-line method to allocate cost or overestimated useful lives.

Depreciable lives are as follows:

Plant & machinery	3 – 5 years
Fixtures, fittings, tools and equipment	3 – 5 years

The assets' residual values and remaining useful lives are reviewed at the end of each reporting period. An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed.

Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairment losses through the profit and loss. Previously recognised impairment losses are only reversed if the reasons for the impairment have ceased to apply.

Gains and losses on fixed asset disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income' in the Statement of Total Comprehensive Income.

**Impairment of Non-Financial Assets (Tangible and Intangible Assets)**

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Any impairment loss is recognised in the Statement of Total Comprehensive Income.

**SYSTAGENIX WOUND MANAGEMENT, LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONTINUED)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.5 GOODWILL AND INTANGIBLE ASSETS**

Are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is on a straight-line basis over the useful life of the Intangible asset.

**Purchased Intangible assets**

Intangible assets other than those acquired in a business combination are recognised when future economic benefits are probable, and the cost or value of the asset can be reliably measured.

Purchased intangibles include "Goodwill", "Purchased Computer Software", "Product Technology", "Patents" and "Trademarks" which are carried at cost less accumulated amortization and accumulated impairment losses. The cost of an asset is made up of the purchase price of the asset. The Goodwill is being amortised over its' useful economic life of 15 years. The Product Technology and Trademarks are amortised over their useful economic life of 20 and 30 years respectively. The Computer Software is being amortised evenly over its' useful economic life of 36 months.

Specific treatment of Purchased Computer Software assets is outlined below:

- Application software is not regarded as an integral part of the related hardware and is classified as Intangible fixed assets
- Computer software embedded in computer-controlled equipment that cannot operate without the specific software is an integral part of the related hardware and is reported as Tangible fixed assets

Intangibles arising on a business combination are recognised except under the following circumstances:

- I. Where the asset arises from legal or contractual rights; and
- II. There is no history or evidence of exchange transactions for the same or similar assets; and
- III. Estimating the asset's fair value would depend on immeasurable variables.

**Goodwill, Product Technology and Trademarks** are capitalised on acquisition and carried at cost less accumulated amortization and accumulated impairment losses.

**Internally generated Intangible assets**

The cost of internally generated brands, logos, publishing titles, customer lists and other similar items are expensed as incurred. Internally generated Computer Software is capitalised under certain specific criteria that can be seen below.

**Computer software**

Costs associated with maintaining computer software programmes are expensed as incurred.

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Development costs directly attributable to the design and testing of identifiable and unique software products are recognised as intangible assets when the following criteria are met:

- ❖ It is technically feasible to complete the software product so that it will be available for use;
- ❖ Management intends to complete the software product and use or sell it;
- ❖ There is an ability to use or sell the software product;
- ❖ It can be demonstrated how the software product will generate probable future economic benefits;
- ❖ Adequate technical, financial and other resources are available to complete the development and to use or sell the software product; and

## SYSTAGENIX WOUND MANAGEMENT, LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONTINUED)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 2.5 GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

- ❖ Development expenditure attributable to the software product can be measured reliably.

Computer software development costs recognised as assets are amortised over their estimated useful lives. Other development expenditures that do not meet the criteria above are expensed as incurred.

##### 2.6 RESEARCH AND DEVELOPMENT

Expenditure on research and development is written off in the year in which it is incurred.

##### 2.7 FINANCIAL ASSETS – LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

The financial assets are carried at recoverable amount and related interest is credited to the profit and loss account. Subsequent to initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method.

##### 2.8 FINANCIAL ASSETS – INVESTMENT IN SUBSIDIARIES

Investments in subsidiaries are held at cost less accumulated impairment loss.

##### 2.9 IMPAIRMENT OF FINANCIAL ASSETS

At the end of each reporting period an impairment assessment is made on the basis of objective evidence. Impairment losses only occur as a result of events that have impact on the estimated future cash flows of the financial asset. The impairment impact is reliably estimated before any impairment adjustment is made.

##### 2.10 STOCK

Stock is stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

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At each reporting date the company assesses whether inventories are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of inventory over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit and loss. Reversals of impairment losses are also recognised in profit and loss.

**SYSTAGENIX WOUND MANAGEMENT, LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONTINUED)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.11 TRADE AND OTHER RECEIVABLES**

Trade and other receivables are amounts due from third party customers, parent and subsidiary undertakings, taxes receivable, prepayments and accrued income. All receivables expected within one year or less are classified as current assets. Receivables expected after 1 year are classified as non-current assets.

Trade and other receivables with no stated interest rate which are receivable within one year are recorded at transaction price. A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract.

**2.12 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments.

**2.13 CALLED UP SHARE CAPITAL**

Ordinary shares are classified as equity. Costs directly attributable to the issue of new ordinary shares or share options are shown in equity as a deduction, net of tax, from the proceeds.

**2.14 FINANCIAL LIABILITIES**

Basic financial liabilities, including trade and other payables and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

**2.15 CURRENT AND DEFERRED INCOME TAX**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated based on tax rates and laws enacted or substantively enacted at the balance sheet date. Tax Provisions are established on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, or to receive more tax, with the following exceptions:

## SYSTAGENIX WOUND MANAGEMENT, LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONTINUED)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 2.15 CURRENT AND DEFERRED INCOME TAX (CONTINUED)

1. Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets; and
2. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

The company establishes tax provisions based upon reasonable estimates.

The amount of such provisions is based upon various factors, including experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of Deferred tax assets that can be recognised are based upon the likely timing and level of future taxable profits together with an assessment of the effects of future tax planning strategies.

##### 2.16 PENSIONS

Annual contributions are charged to the profit or loss in the period in which they are incurred. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

##### 2.17 EMPLOYEE BENEFITS

The company operates defined contribution pension plans and employee medical insurance plans. Holiday pay and termination benefits are also recognised.

###### *(a) Defined Contribution Pension obligations*

After three months service, the company pays 7% contributions to a privately administered pension insurance plan and the employee contributes a 3% of salary to the plan. After probationary period the employee can increase their contributions to 6% with the employer contributing up to 10% of gross salary.

###### *(b) Medical plans*

The company may provide medical insurance to employees in United Kingdom.

###### *(c) Holiday pay accruals*

Employees are entitled to carry forward holidays subject to manager approval. The costs of short term employee benefits are recognised as a liability and an expense.

## SYSTAGENIX WOUND MANAGEMENT, LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONTINUED)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 2.17 EMPLOYEE BENEFITS (CONTINUED)

###### *(d) Termination benefits*

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### 2.18 PROVISIONS

Provisions are recognised for liabilities when:

1. The company has a present legal or constructive obligation as a result of past events;
2. It is probable that an outflow of resources will be required to settle the obligation; and
3. The amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Provisions for Restructuring costs are recognised when the Company has a legal obligation or a constructive obligation arising from a detailed formal plan for the restructuring which has been notified to the affected parties.

##### 2.19 REVENUE RECOGNITION

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received or receivable and represents amounts for goods and rental revenue, net of trade discounts, returns, rebates, VAT and other applicable sales related taxes.

###### Revenue is recognised when:

1. It can be reliably measured;
2. It is probable that future economic benefits will flow to the entity;
3. Transfer of risk of loss and destruction has taken place;
4. Collectability of customer receivables is reasonably assured

###### **Sale of goods**

Selling of advanced wound dressings to third parties and group companies.

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## **SYSTAGENIX WOUND MANAGEMENT, LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONTINUED)**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **2.20 TRANSFER PRICE ADJUSTMENT**

A transfer price adjustment is issued from the company to its respective distributor group companies at the end of the financial year, this is an adjustment to the company's turnover.

Also, the company receives transfer price adjustment from the manufacturing group company whom finished goods are purchased from. This is an adjustment to the company's cost of sales.

##### **2.21 LEASED ASSETS**

Rentals in respect of Operating leases (net of any lease incentives received from the lessor) are charged to the Income statement on a straight-line basis over the term of the lease or as incurred.

##### **2.22 DIVIDEND DISTRIBUTIONS**

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

#### **3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The company makes regular estimates and assumptions concerning the future. These are based upon detailed analysis, historical experience and the current environment.

Estimates that carry risk of material adjustment to the carrying amounts of assets and liabilities are addressed below.

##### **(a) Useful economic lives of property, plant and equipment**

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

The useful economic lives for each class of assets can be seen in section 2.4 Tangible Fixed assets.

##### **(b) Inventory provisioning**

Inventories are assessed periodically for any obsolete, discontinued, damaged or out of date products. This results in provision.

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Excess inventory levels held above forecasted demand results in further provision.



**SYSTAGENIX WOUND MANAGEMENT, LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONTINUED)****3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)****(c) Impairment of Trade and intercompany**

The company makes an estimate of the recoverable value of Trade debtors.

When assessing receivables, the following is taken into consideration:

1. Customer credit rating;
2. Ageing profile of receivables;
3. History of debts previously written off;
4. Payment and Collections history.

A provision for impairment is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract.

**(d) Impairment of goodwill & other intangibles**

Goodwill & other intangibles assets are carried on capitalised cost less accumulated amortisation. The useful life of this asset group is determined as

- Goodwill at 10-15 years;
- Patents at 8-20 years;
- Trademarks at 10-30 years;
- Product technology at 7-20 years.

Goodwill & other intangibles are reviewed and assessed for impairment annually at year end. As part of this process qualitative and quantitative factors are considered, if there is an indication of impairment the recoverable amount of the cash-generating unit is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

**(e) Recognition of deferred tax asset**

Deferred tax assets are recognised for accelerated capital allowances and other timing differences to the extent that it is probable that taxable profits will be available against which these can be utilised. Significant management judgement is required to determine the amount of deferred tax asset that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**SYSTAGENIX WOUND MANAGEMENT, LIMITED****NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONTINUED)****4. TURNOVER**

Within the ordinary activities of the company:

<b>Turnover by Category:</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Sale of goods	78,129	64,524
<b>Total</b>	<b>78,129</b>	<b>64,524</b>

<b>Turnover by Geography:</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom	14,746	11,948
Ireland	1,183	4,051
Europe	18,798	26,343
The Americas	32,206	10,728
Asia	1,910	1,996
Africa	881	1,072
Australasia	3,925	1,997
Rest of world	4,480	6,389
<b>Total</b>	<b>78,129</b>	<b>64,524</b>

**5. OPERATING PROFIT/(LOSS)**

Operating profit/(loss) is stated after charging:

	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>£'000</b>	<b>£'000</b>
Reorganisation expense		202	83
Research & development expenditure		131	885
Field Service Cost		1,215	371
Depreciation of tangible fixed assets	10	148	87
Impairment of trade receivables		10	41
Amortisation of goodwill	9	6,232	6,232
Amortisation of intangible assets excluding goodwill	9	2,783	3,228
Inventory recognized as an expense in cost of sales		40,440	43,427
Change in the balance of inventory allowance		(1,586)	6,457
Operating lease rentals – land and buildings		81	526
Operating lease rentals – vehicles		11	17
Foreign exchange losses		383	765
Audit fees		56	70
Legal fees		762	924
Other consultancy fees		641	1,088
Management Fees Expense and Allocations		9,336	7,708
Taxation compliance		17	14

**SYSTAGENIX WOUND MANAGEMENT, LIMITED****NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONTINUED)****6. EMPLOYEES AND DIRECTORS**

The average monthly number of persons (including executive directors) employed by the company during the year was:

<b>Employees (Average monthly number) by activity</b>	<b>2021</b>	<b>2020</b>
Selling & Distribution	34	49
Administration	7	6
<b>Total</b>	<b>41</b>	<b>55</b>

<b>Staff Costs (including executive directors)</b>	<b>2021</b>	<b>2020</b>
	£'000	£'000
Wages and Salaries	2,196	2,888
Social Security Costs	277	326
Other Pension Costs	201	272
<b>Total</b>	<b>2,674</b>	<b>3,486</b>

Directors are remunerated by other group companies and the amount of that remuneration which relates to services to the company is considered as negligible in both the current and prior year.

The directors of the company who were in office during the year and up to the date of signing the financial statements were paid either by 3M United Kingdom Plc, 3M Turkey or KCI UK Holdings Ltd. They do not believe it is practicable to apportion their remuneration between services as directors of the company and their services as directors of other companies. No directors exercised Group share options.

**7. INTEREST INCOME AND EXPENSE**

<b>Interest receivable and similar income</b>	<b>2021</b>	<b>2020</b>
	£'000	£'000
Other interest (non-loans)	4	-
<b>Interest receivable and similar income</b>	<b>4</b>	<b>-</b>

<b>Interest payable and similar expense</b>	<b>2021</b>	<b>2020</b>
	£'000	£'000
Interest payable on group loans	42	383
Other interest (non-loans)	-	4
<b>Interest payables and similar expense</b>	<b>42</b>	<b>387</b>

<b>Net Interest cost</b>	<b>2021</b>	<b>2020</b>
	£'000	£'000
Interest income	(4)	-
Interest expense	42	387
<b>Net interest income/(cost)</b>	<b>38</b>	<b>(387)</b>

**SYSTAGENIX WOUND MANAGEMENT, LIMITED****NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONTINUED)****8. TAX ON PROFIT/(LOSS)****a) Tax expense/(credit) included in profit or loss**

<b>Current Tax:</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
UK Corporation tax on profit/ (loss) for the year	2,271	-
Adjustment in respect of prior periods	(1,263)	309
<b>Total current tax</b>	<b>1,008</b>	<b>309</b>
<b>Deferred Tax:</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Origination and reversal of timing differences	(508)	(405)
Adjustment in respect of prior periods	22	(201)
Impact of change in tax rate	(1,783)	(554)
<b>Total Deferred tax (note 8 (c))</b>	<b>(2,269)</b>	<b>(1,160)</b>
<b>Tax on Profit (note 8 (b))</b>	<b>(1,261)</b>	<b>(851)</b>

**b) Factors affecting the total tax charge**

Tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2021 of 19% (2020: 19%). The differences are explained below:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
(Loss)/ profit before tax	(12,521)	(12,306)
Standard rate of Tax in the UK	19.00%	19.00%
Profit/ (loss) multiplied by the standard rate of tax in the UK	<b>2,379</b>	<b>(2,338)</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	140	124
Adjustments to brought forward values	-	(6)
Effects on group relief / other reliefs	(507)	1,815
Adjustments to tax charge in respect of previous period – current tax	(1,263)	309
Utilisation of brought forward losses not previously recognised	185	117
Re-measurement of deferred tax – change in UK tax rate	(2,217)	(671)
Adjustment to tax charge in respect of previous period – deferred tax	22	(201)
<b>Tax (credit)/charge (note 8 (a))</b>	<b>(1,261)</b>	<b>(851)</b>

**SYSTAGENIX WOUND MANAGEMENT, LIMITED****NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONTINUED)****8. TAX ON (LOSS) / PROFIT (Continued)****c) Deferred tax**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Accelerated capital allowances	7,937	5,668
Short term timing differences	-	-
<b>Deferred Taxation Balance</b>	<b>7,937</b>	<b>5,668</b>
<b>At 1 January 2021</b>		<b>5,668</b>
Profit and loss account movement arising during the year		2,291
Adjustment in respect of prior years		(22)
<b>At 31 December 2021</b>		<b>7,937</b>

No deferred tax asset has been recognised in respect of gross tax losses of £5,204,868 arising from the period prior to 1 April 2017, as it is not probable that there would be future taxable profit on which these tax losses could be recovered

**d) Factors affecting the future tax charge of the company**

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which was substantively enacted on 24 May 2021. The deferred tax balance as at 31 December 2021 has been remeasured at the applicable tax rate at which it is expected to unwind.

## SYSTAGENIX WOUND MANAGEMENT, LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONTINUED)

## 9. INTANGIBLE ASSETS

	Trademarks £'000	Goodwill £'000	Patents £'000	Purchased Computer Software £'000	Product Technology £'000	Total £'000
<b>Cost</b>						
At 1 January 2021	17,959	88,559	5,014	2,792	30,222	144,546
Additions	-	-	-	54	-	54
Disposals	-	-	-	(1,685)	-	(1,685)
<b>As at 31 December 2021</b>	<b>17,959</b>	<b>88,559</b>	<b>5,014</b>	<b>1,161</b>	<b>30,222</b>	<b>142,915</b>
<b>Accumulated amortisation and impairment loss</b>						
At 1 January 2021	(1,957)	(70,730)	(2,632)	(2,490)	(5,376)	(83,185)
Amortisation	(630)	(6,232)	(372)	(186)	(1,595)	(9,015)
Amortisation on disposals	-	-	-	1,604	-	1,604
<b>At 31 December 2021</b>	<b>(2,587)</b>	<b>(76,962)</b>	<b>(3,004)</b>	<b>(1,072)</b>	<b>(6,971)</b>	<b>(90,596)</b>
<b>Net book amount</b>	<b>15,372</b>	<b>11,597</b>	<b>2,010</b>	<b>89</b>	<b>23,251</b>	<b>52,319</b>
<b>Net book amount</b>						
As at 1 January 2021	16,002	17,829	2,382	302	24,846	61,361
Movement during the year	(630)	(6,232)	(372)	(213)	(1,595)	(9,042)
<b>As at 31 December 2021</b>	<b>15,372</b>	<b>11,597</b>	<b>2,010</b>	<b>89</b>	<b>23,251</b>	<b>52,319</b>

**SYSTAGENIX WOUND MANAGEMENT, LIMITED****NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONTINUED)****10. TANGIBLE FIXED ASSETS**

	<b>Plant &amp; Machinery £'000</b>	<b>Fixtures, Fittings, Tools &amp; Equipment £'000</b>	<b>Leasehold improvement £'000</b>	<b>Construction in progress £'000</b>	<b>TOTAL £'000</b>
<b>Cost</b>					
At 1 January 2021	61	239	228	55	583
Additions	-	-	-	849	849
Disposals	(22)	(141)	-	-	(163)
Transfer between asset categories	842	8	-	(904)	(54)
<b>As at 31 December 2021</b>	<b>881</b>	<b>106</b>	<b>228</b>	<b>0</b>	<b>1,215</b>
<b>Accumulated depreciation and impairment</b>					
At 1 January 2021	(42)	(137)	(36)	-	(215)
Depreciation	(76)	(26)	(46)	-	(148)
Depreciation on disposals	22	77	-	-	99
<b>As at 31 December 2021</b>	<b>(96)</b>	<b>(86)</b>	<b>(82)</b>	<b>-</b>	<b>(264)</b>
<b>Net book amount</b>					
As at 1 January 2021	19	102	192	55	368
Movement during the year	766	(82)	(46)	(55)	583
<b>As at 31 December 2021</b>	<b>785</b>	<b>20</b>	<b>146</b>	<b>0</b>	<b>951</b>

**SYSTAGENIX WOUND MANAGEMENT, LIMITED****NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONTINUED)****11. INVESTMENTS**

	<b>Crawford Healthcare Canada</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>
Balance as at 1 January 2020	1	1
Additions	-	-
<b>Balance as at 31 December 2020</b>	<b>1</b>	<b>1</b>
Balance as at 1 January 2021	1	1
<b>Balance as at 31 December 2021</b>	<b>1</b>	<b>1</b>

At 31 December 2018, the Company acquired 1,000 CAD/664.32 GBP investment in Crawford Healthcare Canada Limited (55 University Avenue Suite 400, P.O Box 36, Toronto, Ontario M5J 2H7 Canada), a non-trading company and holds 100% of the ordinary shares.

**12. DEFERRED TAX ASSET**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Deferred tax	7,937	5,668
<b>Total</b>	<b>7,937</b>	<b>5,668</b>

The deferred tax will be recovered against future taxable profits in the period to 31 December 2027.

**13. OTHER NON-CURRENT ASSETS**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Long term deposit	430	369
<b>Total</b>	<b>430</b>	<b>369</b>

Long term deposit on the leases will be recovered when the leases end or will not be renewed. Long term vendor deposit will be recovered until produced products will be delivered.

**14. STOCK**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Raw materials & consumables	702	2,053
Finished goods	15,723	17,533
<b>Total</b>	<b>16,425</b>	<b>19,586</b>
Stock provision for impairment	(4,587)	(7,913)
<b>Net stock</b>	<b>11,838</b>	<b>11,673</b>

In the opinion of the directors, the replacement cost of stocks did not differ significantly from the balance sheet amount.



**SYSTAGENIX WOUND MANAGEMENT, LIMITED****NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONTINUED)****15. TRADE AND OTHER RECEIVABLES****Amounts falling due within one year:**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Trade receivables	3,574	2,642
Amounts owed by group undertakings	23,929	31,103
Other receivables	2,705	2,641
Prepayments and accrued income	39	125
<b>Total</b>	<b>30,247</b>	<b>36,511</b>

Amounts owed by other group undertakings are not interest bearing, unsecured and repayable on demand. Trade receivables are stated after provisions for impairment of £375,905 (2020: £46,662).

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	6,468	5,113
Amounts owed to group undertakings	8,588	37,399
Other taxation and social security	67	83
Other creditors	1	5
Corporation tax	345	1,156
Accruals	2,858	6,498
Deferred income	27	135
<b>Total</b>	<b>18,354</b>	<b>50,389</b>

Amounts owed to group undertakings are interest bearing, unsecured and repayable on demand.

**17. POST – EMPLOYMENT BENEFITS**

The company operates defined contribution pension schemes for eligible employees. The pension charge for the year represents contributions payable to the fund and amounted to £201,000 (2020: £273,000).

**18. CALLED UP SHARE CAPITAL**

<b>Authorised, Allotted, Called-up and fully paid</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
5,575,902 (2020: 5,575,902) ordinary shares of £1 each	5,576	5,576
<b>Closing at 31 December 2021</b>	<b>5,576</b>	<b>5,576</b>

Shares allotted to discharge existing debt owed by the Company to Systagenix Wound Management B.V. pursuant to an asset purchase agreement dated 29 June 2008.

**SYSTAGENIX WOUND MANAGEMENT, LIMITED****NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONTINUED)****19. CAPITAL & OTHER COMMITMENTS**

The company had the following minimum lease payments under non-cancellable leases for each of the following periods:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Not later than 1 year	159	163
Later than one year and not later than five years	213	372
Over five years	-	-
<b>Total</b>	<b>372</b>	<b>535</b>

**20. RELATED PARTY TRANSACTIONS**

The company has taken the exemption not to disclose related party transactions under S33 of FRS102 on the basis that it is a 100% wholly owned subsidiary within a group that has publicly available consolidated information that includes Related Party transactions.

**21. CONTROLLING PARTIES**

The company's immediate controlling party and parent undertaking is Systagenix Wound Management B.V., a company incorporated in the Netherlands, which has its principal place of business at Amsterdam, the Netherlands. Systagenix Wound Management B.V. is a wholly owned subsidiary of Systagenix Wound Management Mezz B.V.

The Company's ultimate parent company is 3M Company, a company listed at the New York Stock Exchange (NYSE:MMM), with its principal executive offices at 3M Center, Bldg. 220-9E-02 St. Paul, MN 55144-1000, United States of America. 3M is the parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up, and of which the Company was a member during the year ended 31 December 2021. Copies of its group financial statements, which include the Company, are available from <https://investors.3m.com>.

**22. DIVIDENDS**

The directors did not recommend the payment of dividend in 2021 (2020: £nil).

**23. EVENTS AFTER THE REPORTING PERIOD**

Due to a further integration with 3M all employees transitioned per 1<sup>st</sup> of January 2022 to 3M UK PLC