

**Lanai Medical Limited**  
**Annual Report and Financial Statements**  
**for the year ended 31 December 2021**

Registered number: 09728982



**Lanai Medical Limited**

**Annual report and financial statements  
for the year ended 31 December 2021**

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## **Lanai Medical Limited**

### **Directors and advisors**

#### **Director**

A Booker  
G Blair (appointed 1 March 2021)

#### **Independent auditors**

Grant Thornton UK LLP  
Chartered Accountants and Statutory Auditor  
1 Holly St  
Sheffield  
S1 2GT

#### **Registered office**

Nunn Brook Road  
Huthwaite  
Sutton in Ashfield  
Nottinghamshire  
NG17 2HU

#### **Solicitors**

Eversheds LLP  
1 Royal Standard Place  
Nottinghamshire  
NG1 6FZ

## **Lanai Medical Limited**

### **Strategic report for the year ended 31 December 2021**

The Directors present their strategic report of the company for the financial year ended 31 December 2021.

#### **Business review and principal activities**

The principal activity of the company is that of a holding company. The directors do not anticipate any changes to the principal activity of the Company over the next financial year.

#### **Results and performance**

The results for the year are set out in the profit and loss account on page 10.

The company suffered a loss before taxation for the year of \$11,275,000 (2020: loss \$4,133,000).

Following the annual assessment of the carrying value of investments during the year, the Company recognised an impairment charge of \$7,365,000 (2020: \$nil).

The loss for the year further arises from foreign exchange movements and interest payable on the company's outstanding group loans.

#### **Key performance indicators (KPIs)**

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

#### **Principal risks and uncertainties**

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks affecting the company are set out below.

The Directors constantly monitor the risks and uncertainties facing the company with particular reference to the exposure to price, credit, product integrity and market conditions. They are confident that there are suitable policies in place and that there are no material risks or uncertainties.

- *Impact of Brexit*

Following the outcome of the 2016 referendum, the United Kingdom left the European Union ("Brexit") as of 31 December 2021. Management continues to navigate the impact of the departure.

- *Impact of COVID-19*

The business continues to closely monitor and respond to the disruption caused by the spread of the COVID-19 virus and maintains appropriate procedures to ensure compliance with UK Government guidelines, including employees working from home where possible and appropriate social distancing when on site.

Further disclosure is made in the Directors' report in relation going concern.

#### **Directors' duties**

The Directors of the Company, as those of all UK Companies, must act in accordance with a set of general duties. These duties are set out in Section 172 of the UK Companies Act 2006.

The following paragraphs summarise how the Directors fulfil their duties:

The Company is committed to being a responsible business. Our behaviours are underpinned by 3 key values; we always operate with the highest integrity, we work collaboratively and we are passionate about achieving results. These common values guide our behaviour and are actively encouraged in our dealings with Company staff, customers, suppliers and our wider stakeholders.

The Directors are committed to openly engaging with the Company's shareholders and are committed to ensuring that the strategy and objectives of the business are communicated effectively, this is performed via a wide range of frequent monthly communications to employees and at a Board level with external shareholders.

The Directors maintain established processes with relation to the identification, evaluation and monitoring of the risks and uncertainties facing the company. Details on the principal risks and uncertainties facing the Company are set out in the Directors report.

## **Lanai Medical Limited**

### **Strategic report for the year ended 31 December 2021 (continued)**

#### **Research and development activities**

There have been no research and development activities during the trading year (2020: \$nil).

On behalf of the Board



**A Booker**  
Director  
30 August 2022

## **Lanai Medical Limited**

### **Directors' report for the year ended 31 December 2021**

The Directors present their report and the audited financial statements of the company for the year ended 31 December 2021.

#### **Dividends**

No dividend has been declared or paid in the year (2020: Nil).

#### **Directors**

The Directors of the company who served in the period up to the date of approval of the financial statements are as follows:

Mrs I Pereira Mota Afonso (appointment terminated 1 March 2021)

Mr A Booker

Mr G Blair (appointed 1 March 2021)

#### **Going concern**

Notwithstanding the fact that the company was loss making during the financial year, and has net current liabilities at the year end, the directors have prepared the financial statements on the going concern basis as they have received from the parent group confirmation of such financial support as is necessary to enable the company to meet its obligations as they fall due.

In reaching this conclusion, the directors have considered the financial position of the Company and the impact of the recent global pandemic relating to the outbreak of a strain of coronavirus (SARS-CoV-2). The directors recognise that the current events in relation to COVID-19 are unprecedented, however as the company has received confirmation of support from its parent the directors do not believe that there is a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

#### **Directors' indemnity**

The company has granted an indemnity to its Director against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

## Lanai Medical Limited

### Directors' report for the year ended 31 December 2021 (continued)

#### Directors' responsibilities statement (continued)

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

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

To the best of our knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

#### Disclosure of information to the auditors

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.

#### Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

This report was approved by the Board and signed on its behalf by:

*Andy Booker*

**A Booker**  
Director  
30 August 2022

## **Lanai Medical Limited**

### **Independent auditor's report to the members of Lanai Medical Limited**

#### **Opinion**

We have audited the financial statements of Lanai Medical Limited (the 'company') for the year ended 31 December 2021, which comprise the Strategic and Directors', Profit and Loss account, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We are responsible for concluding on the appropriateness of the directors' 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 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 to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Strategic and Directors' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.



## **Lanai Medical Limited**

### **Independent auditor's report to the members of Lanai Medical Limited (continued)**

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

#### **Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Lanai Medical Limited**

### **Independent auditor's report to the members of Lanai Medical Limited (continued)**

**(a) Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The company is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified the following laws and regulations as the most likely to have a material effect if non-compliance were to occur; financial reporting legislation related to reporting frameworks (FRS102 and Companies Act 2006), distributable profits legislation, tax legislation, anti-bribery and corruption legislation, health and safety, data protection, import duty and employment law.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We obtained an understanding of how the company is complying with those legal and regulatory frameworks by making enquiries of management. We corroborated our enquiries through our review of board minutes, and correspondence received from regulatory bodies.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by discussions with management to understand where management considered there is a susceptibility to fraud.

Audit procedures performed by the engagement team included:

- evaluation of the controls established to address the risks related to irregularities and fraud;
- testing manual journal entries and entries determined to be large or relating to unusual transactions based on our understanding of the business;
- identifying and testing related party transactions
- completion of audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

## **Lanai Medical Limited**

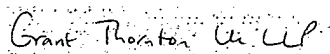
### **Independent auditor's report to the members of Lanai Medical Limited (continued)**

Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the industry in which the client operates
- understanding of the legal and regulatory requirements (FRS102 and Companies Act 2006 and the relevant tax compliance regulations) specific to the entity including:
  - the provisions of the applicable legislation
  - the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules
  - the applicable statutory provisions

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Peter Edwards**  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
**Sheffield**

**30 August 2022**

**Lanai Medical Limited****Profit and loss account  
for the year ended 31 December 2021**

	Note	31 December 2021 \$'000	31 December 2020 \$'000
Impairment of investments	9	(7,365)	-
Other administrative income/(expenses)		99	(424)
<b>Administrative expenses</b>		<b>(7,266)</b>	<b>(424)</b>
<b>Operating loss</b>		<b>(7,266)</b>	<b>(424)</b>
<b>Loss before interest and taxation</b>	5	<b>(7,266)</b>	<b>(424)</b>
Interest payable and similar charges	7	(4,009)	(3,709)
<b>Loss before tax</b>		<b>(11,275)</b>	<b>(4,133)</b>
Tax on loss	8	-	-
<b>Loss for the financial year</b>		<b>(11,275)</b>	<b>(4,133)</b>

The company has no other comprehensive income other than those included in the results above.

The notes on pages 13 to 20 form part of these financial statements.

All activities relate to continuing operations.

**Lanai Medical Limited****Balance sheet  
as at 31 December 2021**

	Note	<b>December 2021 \$'000</b>	December 2020 \$'000
<b>Fixed assets</b>			
Investments in subsidiary undertakings	9	76,140	77,305
<b>Creditors : amounts falling due within one year</b>	10	(10,795)	(10,894)
<b>Net current liabilities</b>		(10,795)	(10,894)
<b>Total assets less current liabilities</b>		65,345	66,411
<b>Creditors : amounts falling due after more than one year</b>	11	(51,958)	(47,949)
<b>Net assets</b>		13,387	18,462
<b>Capital and reserves</b>			
Share capital	12	6,200	-
Other reserves	13	51,000	51,000
Profit and loss account		(43,813)	(32,538)
<b>Total shareholders' funds</b>		13,387	18,462

The notes on pages 13 to 20 form part of these financial statements.

The financial statements were approved by the board of Directors on 30 August 2022 and are signed on its behalf by:

*Andy Booker*

A Booker  
Director

Registered company number - 09728982

**Lanai Medical Limited****Statement of changes in equity  
for the year ended 31 December 2021**

	<b>Called-up share capital</b>	<b>Other reserves</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance as at 1 January 2020	-	51,000	(28,405)	22,595
Loss for the period	-	-	(4,133)	(4,133)
Balance as at 31 December 2020	-	51,000	(32,538)	18,462
<b>Balance as at 1 January 2021</b>	<b>-</b>	<b>51,000</b>	<b>(32,538)</b>	<b>18,462</b>
Loss for the period	-	-	(11,275)	(11,275)
Share issue	6,200	-	-	6,200
<b>Balance as at 31 December 2021</b>	<b>6,200</b>	<b>51,000</b>	<b>(43,813)</b>	<b>13,387</b>

On 12 July 2021, the company issued 446,525,027 ordinary shares with a nominal value of £0.01 each (this equated to \$6,200,000 at the point of conversion to USD).

## **Lanai Medical Limited**

### **Notes to the financial statements for the year ended 31 December 2021**

#### **1. General information**

The company is a holding company for the international subsidiaries of Lanai Holdings III Inc, a company incorporated in the United States of America.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Nunn Brook Road, Huthwaite, Sutton-in-Ashfield, Nottinghamshire, NG17 2HU.

#### **2. Statement of compliance**

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### **3. Summary of significant accounting policies**

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 periods presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

##### **Basis of preparation**

These financial statements are prepared on a going concern basis (see Directors' report), under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

##### **Going concern**

Notwithstanding the fact that the company was loss making during the financial year, and has net current liabilities at the year end, the directors have prepared the financial statements on the going concern basis as they have received from the parent group confirmation of such financial support as is necessary to enable the company to meet its obligations as they fall due.

In reaching this conclusion, the directors have considered the financial position of the Company and the impact of the recent global pandemic relating to the outbreak of a strain of coronavirus (SARS-CoV-2). The directors recognise that the current events in relation to COVID-19 are unprecedented, however as the company has received confirmation of support from its parent the directors do not believe that there is a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

##### **Exemptions for qualifying entities**

The company is a wholly owned subsidiary of Lanai Holdings III, Inc. It is included in the consolidated financial statements of Lanai Holdings III, Inc.

Copies of the Lanai Holdings III, Inc group financial statements can be obtained from 28100 Torch Parkway, Suite 700, Warrenville, IL 60555-3938 USA.

As a qualifying entity, the company has taken advantage of the following exemptions:

##### **Consolidation**

The company is exempt by virtue of section 401 of the Companies Act 2006. The financial statements therefore present information about the company as an individual undertaking, and not about its group.

## **Lanai Medical Limited**

### **Notes to the financial statements for the year ended 31 December 2021 (continued)**

#### **3. Summary of significant accounting policies (continued)**

##### **Cash flow statement**

The company is exempt under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Lanai Holdings III, Inc, includes the company's cash flows in its own consolidated financial statements.

##### **Key management personnel**

The company has taken advantage of the exemption from disclosing the company's key management personnel compensation as required by FRS 102 paragraph 33.7

##### **Exemptions for qualifying entities (continued)**

##### **Financial instruments**

The company is exempt under FRS 102 paragraph 1.12(c), from disclosing Financial Instrument information on the basis that it is a qualifying entity and its ultimate parent company, Lanai Holdings III, Inc, includes disclosure of financial instruments in its own consolidated financial statements.

##### **Related party transactions**

The company is exempt under FRS 102 paragraph 1.12(e), from disclosing related party transactions with wholly owned subsidiaries of the group on the basis that it is a qualifying entity and the financial statements of its ultimate parent company, Lanai Holdings III, Inc, are publicly available.

##### **Foreign currency**

##### **Functional and presentation currency**

The company's functional and presentation currency is the United States Dollar.

##### **Transactions and balances**

Foreign currency transactions are translated into functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate.

Foreign exchange gains and losses resulting from settlement of transactions and from the retranslation at period end exchange rates of monetary items, are recognised in the profit and loss account within 'administrative expenses'.

##### **Taxation**

##### **Current taxation**

Current tax is the expected tax payable for the period, using rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous periods.

##### **Deferred taxation**

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 right to pay less or to receive more tax. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse.



## **Lanai Medical Limited**

### **Notes to the financial statements for the year ended 31 December 2021 (continued)**

#### **3. Summary of significant accounting policies (continued)**

##### **Investments in subsidiary undertakings**

Investments in subsidiary undertakings are held at cost less accumulated impairment losses. Impairment losses are recognised in the profit and loss account. As set out within this note, the presentation currency is United States Dollar. To the extent that the book value of investments in subsidiary undertakings is adversely affected by movements in the United States Dollar, compared to the functional currency of the subsidiary undertaking, the company only impairs the investments at the year end if the directors conclude that the unfavourable exchange rate movement is probably other than temporary.

##### **Financial instruments**

The company has chosen to adopt FRS 102 section 11 in respect of basic financial instruments.

##### **Initial measurement**

Basic financial assets and liabilities, including trade receivables and payables, cash and bank balances, are initially recognised at transaction price.

##### **Subsequent measurement**

Such assets and liabilities are subsequently carried at amortised cost using the effective interest rate method.

##### **Derecognition**

Financial assets are derecognised when the contractual rights to the cash flows are settled.  
Financial liabilities are derecognised when the liability is extinguished.

##### **Impairment of financial assets**

At the end of each reporting period financial assets are assessed for impairment. If an asset is impaired an impairment loss is recognised in the profit and loss account.

##### **Distributions to equity holders**

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved. These amounts are recognised in the statement of changes in equity.

## Lanai Medical Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 4. Critical accounting judgements and estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual costs. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Investment carrying values:

The company considers whether investments are impaired each year. Management perform an assessment to estimate the future cashflows from the CGUs and also select appropriate discount rates in order to calculate the net present value of those cash flows.

The company also considers the recoverable amount. To the extent net book value is higher than value in use and recoverable amount, an impairment charge is recorded to the higher of the two bases of valuation.

Cash flow projections used for the value in use modelling are by their nature subject to inherent uncertainties:

- the discount rate used is based on a weighted average cost of capital calculation which requires a series of
- assumptions related to the risk profile of the business, target gearing and market risk; and
- the assumptions related to revenue and cost growth.

There are no critical accounting judgements.

#### 5. Loss before interest and tax

Auditors' remuneration - audit fees of \$4,400 (December 2020: \$4,400) are borne by a subsidiary company and not recharged.

The company has no employees (December 2020: Nil).

#### 6. Directors' emoluments

The directors earned \$nil for services to the company (2020: \$nil). Directors' remuneration is borne by other group companies and not recharged. The directors consider their services inconsequential to their wider role as directors of a number of group undertakings and hence consider they have received no remuneration from the company for their services.

#### 7. Interest payable and similar charges

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
<b>Interest payable and similar charges</b>		
Interest payable on loans from group undertakings	4,009	3,709

## Lanai Medical Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 8. Taxation

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
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##### Current taxation

UK Corporation Tax – current year	-	-
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The tax assessed for the period is higher (December 2020: higher) than the standard rate applying in the UK. The differences are explained below.

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Loss before tax	(11,275)	(4,133)
Loss at the effective UK tax rate 19% (December 2020: 19%)	(2,142)	(785)
Effects of:		
Expenses deductible for tax	2,142	785
Losses not deductible	-	-
Losses carried forward	-	-
Total tax charge for the period	-	-

No deferred tax asset has been recognised with respect to the losses carried forward (2020: \$Nil), because the directors believe there is insufficient evidence to support recognition at this time.

The potential unrecognised deferred tax asset is \$345,000 (31 December 2020: \$262,000).

## Lanai Medical Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 9. Investments

##### Direct Holdings

	31 December 2021 \$'000	31 December 2020 \$'000
Investments at beginning of the period	77,305	77,305
Additions	6,200	-
Impairment of investments	(7,365)	-
Investments at end of period	76,140	77,305

On 12 July 2021 the company increased its shareholding in Performance Health Global Limited by acquiring 446,525 ordinary shares in the company for consideration of £4,465,250 (this equated to \$6,200,000 at the point of conversion to USD).

Company	Registered Address	Holding	Nature of business	Country of incorporation
Performance Health Global Limited	Nunn Brook Road, Huthwaite, Nottinghamshire	100%	Holding company	UK

##### Indirect Holdings

Company	Registered Address	Holding	Nature of business	Country of incorporation
Performance Health International Limited	Nunn Brook Road, Huthwaite, Nottinghamshire	100%	Trading	UK
Sacedi EURL	11 Avenue de l'Industrie, Charleville-Mezieres Cedex	100%	Trading	France
Ausmedic Australia Pty Limited	Unit 3, 3 Basalt Road, Pemulwuy, NSW 2145	100%	Trading	Australia
Auckbritt International Limited	Unit 3, 3 Basalt Road, Pemulwuy, NSW 2145	100%	Trading	New Zealand
Ausmedic Holdings Pty Limited	Unit 3, 3 Basalt Road, Pemulwuy, NSW 2145	100%	Holding Company	Australia
Surgical Synergies Pty Limited	Unit 3, 3 Basalt Road, Pemulwuy, NSW 2145	100%	Trading	Australia

## Lanai Medical Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 9. Investments (continued)

##### Indirect Holdings (continued)

Company	Registered Office	Holding	Nature of business	Country of incorporation
Metron Medical Australia Pty Limited	Unit 3, 3 Basalt Road, Pemulwuy, NSW 2145	100%	Trading	Australia
Metron Holdings Pty Limited	Unit 3, 3 Basalt Road, Pemulwuy, NSW 2145	100%	Trading	Australia
Metron Medical Company Limited	Unit 3, 3 Basalt Road, Pemulwuy, NSW 2145	100%	Trading	Thailand

#### 10. Creditors: amounts falling due within one year

	31 December 2021 \$'000	31 December 2020 \$'000
Amounts owed to group undertakings	10,795	10,895

The amounts owed to group undertakings are unsecured, interest free and payable on demand.

#### 11. Creditors: amounts falling due after more than one year

	31 December 2021 \$'000	31 December 2020 \$'000
Amounts owed to group undertakings	51,958	47,949

The amount owed to group undertakings is a \$40,000,000 unsecured 8% promissory note, maturity date 30 December 2024.

## Lanai Medical Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 12. Called up share capital

	31 December 2021	31 December 2021	30 December 2020	30 December 2020
	Number	\$'000	Number	\$'000
Allotted, issued and fully paid:	446,525,127	6,200	100	-

The issued share capital of the company is £4,465,250.

On 12 July 2021, the company issued 446,525,027 ordinary shares with a nominal value of £0.01 each.

#### 13. Reserves

The other reserve of \$51,000,000 (December 2020: \$51,000,000) is distributable and has arisen in connection with group reorganisations.

#### 14. Ultimate parent undertaking and controlling party

As at 31 December 2021, Performance Health Holdings, Inc is the company's ultimate parent company. Madison Dearborn Partners Inc is the company's ultimate controlling party.

At 31 December 2021, the results of the company are consolidated into the financial statements of Performance Health Holdings Inc, a company incorporated in the United States of America. This is the smallest and largest group the company is consolidated into.

Copies of the Performance Health Holdings, Inc group financial statements can be obtained from 28100 Torch Parkway, Suite 700, Warrenville IL 60555-3938 USA.3.