
Chempilots a/s

Rugmarken 22 - 24, DK-3520 Farum

Annual Report for 1 January - 31 December 2021

CVR No 20 94 42 42

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
22/4 2022

Ida Thanning
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Chempilots a/s for the financial year 1 January - 31 December 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company operations for 2021.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Farum, 22 April 2022

Executive Board

Kim Sander Pedersen
CEO

Board of Directors

Mogens Jørgensen Dall
Chairman

Michael Jørgen Peytz

Richard Sofsrud Schmidt

Independent Auditor's Report

To the Shareholders of Chempilots a/s

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Chempilots a/s for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the 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 in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's Report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 22 April 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Ulrik Ræbild

statsautoriseret revisor

mne33262

Company Information

The Company

Chempilots a/s
Rugmarken 22 - 24
DK-3520 Farum

CVR No: 20 94 42 42
Financial period: 1 January - 31 December
Incorporated: 1 April 1998
Financial year: 24th financial year
Municipality of reg. office: Furesø

Board of Directors

Mogens Jørgensen Dall, Chairman
Michael Jørgen Peytz
Richard Sofsrud Schmidt

Executive Board

Kim Sander Pedersen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Key activities

The company performs development and production tasks for customers primarily within the medical technology industry. More than 95% of the revenue comes from export.

Development in the year

In 2021, an increase in revenue was achieved compared to 2020 due to the influx of new customers and increased sales to existing customers. During the year, investments were made in marketing and in the expansion of production equipment to ensure continued growth. The company's result in 2021 was DKK 9.4 million before tax, compared with DKK 8.8 million in 2020, and equity at 31 December 2021, amounted to DKK 11.2 million. Management considers the result for the year to be satisfying.

Targets and expectations for the year ahead

In 2022, there will continue to be a focus on revenue growth through increased resources and investments in equipment. As a result, the result for 2022 can be expected to be on the same level with 2021.

Income Statement 1 January - 31 December

	Note	2021 DKK	2020 DKK
Gross profit/loss		20.956.265	17.789.351
Staff expenses	1	-11.066.550	-8.553.044
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-220.320	-329.160
Profit/loss before financial income and expenses		9.669.395	8.907.147
Financial income		45.706	36.734
Financial expenses		-347.967	-164.816
Profit/loss before tax		9.367.134	8.779.065
Tax on profit/loss for the year	2	-2.059.977	-1.935.880
Net profit/loss for the year		7.307.157	6.843.185

Distribution of profit

Proposed distribution of profit

Extraordinary dividend paid	0	10.000.000
Proposed dividend for the year	1.200.000	0
Retained earnings	6.107.157	-3.156.815
	7.307.157	6.843.185

Balance Sheet 31 December

Assets

	Note	2021 DKK	2020 DKK
Other fixtures and fittings, tools and equipment		598.194	594.980
Leasehold improvements		699.428	0
Property, plant and equipment	3	1.297.622	594.980
Deposits		327.504	266.082
Fixed asset investments		327.504	266.082
Fixed assets		1.625.126	861.062
Inventories		1.577.139	1.435.500
Trade receivables		9.394.464	4.962.234
Contract work in progress		233.842	134.298
Other receivables		204.274	118.381
Receivable from shareholders and Management		0	39.375
Deferred tax asset		77.331	130.769
Corporation tax receivable from group enterprises		731.514	0
Prepayments		118.139	287.506
Receivables		10.759.564	5.672.563
Cash at bank and in hand		1.762.434	3.332.545
Currents assets		14.099.137	10.440.608
Assets		15.724.263	11.301.670

Balance Sheet 31 December

Liabilities and equity

	Note	2021 DKK	2020 DKK
Share capital		1.200.000	1.200.000
Retained earnings		8.761.028	2.653.871
Proposed dividend for the year		1.200.000	0
Equity		11.161.028	3.853.871
Payables to owners and Management		0	1.500.000
Other payables		413.586	0
Long-term debt	4	413.586	1.500.000
Prepayments received from customers		170.250	212.510
Trade payables		585.534	926.603
Payables to owners and Management	4	1.500.000	1.500.000
Corporation tax		1.047.376	926.464
Other payables	4	846.489	2.382.222
Short-term debt		4.149.649	5.947.799
Debt		4.563.235	7.447.799
Liabilities and equity		15.724.263	11.301.670
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Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	1.200.000	2.653.871	0	3.853.871
Net profit/loss for the year	0	6.107.157	1.200.000	7.307.157
Equity at 31 December	1.200.000	8.761.028	1.200.000	11.161.028

Notes to the Financial Statements

	2021	2020
	DKK	DKK
1 Staff expenses		
Wages and salaries	10.114.845	7.876.526
Pensions	641.048	465.496
Other social security expenses	105.370	64.000
Other staff expenses	205.287	147.022
	<u>11.066.550</u>	<u>8.553.044</u>
Average number of employees	<u>13</u>	<u>9</u>
2 Tax on profit/loss for the year		
Current tax for the year	2.006.862	1.917.806
Deferred tax for the year	53.438	18.074
Adjustment of tax concerning previous years	-323	0
	<u>2.059.977</u>	<u>1.935.880</u>
3 Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	6.008.247	0
Additions for the year	165.281	757.680
Cost at 31 December	<u>6.173.528</u>	<u>757.680</u>
Impairment losses and depreciation at 1 January	5.413.267	0
Depreciation for the year	162.067	58.252
Impairment losses and depreciation at 31 December	<u>5.575.334</u>	<u>58.252</u>
Carrying amount at 31 December	<u>598.194</u>	<u>699.428</u>

Notes to the Financial Statements

4 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2021</u> DKK	<u>2020</u> DKK
Payables to owners and Management		
Between 1 and 5 years	<u>0</u>	<u>1.500.000</u>
Long-term part	0	1.500.000
Within 1 year	<u>1.500.000</u>	<u>1.500.000</u>
	<u>1.500.000</u>	<u>3.000.000</u>
Other payables		
Between 1 and 5 years	<u>413.586</u>	<u>0</u>
Long-term part	413.586	0
Other short-term payables	<u>846.489</u>	<u>2.382.222</u>
	<u>1.260.075</u>	<u>2.382.222</u>

Notes to the Financial Statements

	2021 DKK	2020 DKK
5 Contingent assets, liabilities and other financial obligations		
Charges and security		
The following assets have been placed as security with bankers:		
Corporate mortgage of total TDKK 4,000, provides collateral in receivables, inventory and other fixtures and fittings, tools and equipment to a total carrying amount of	11.569.797	6.992.714
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	283.793	283.793
Between 1 and 5 years	524.972	808.765
	808.765	1.092.558
Rental obligation within 1 year	750.078	658.554
Rental obligation between 1 and 5 years	274.575	457.624

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Folehaven Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

6 Accounting Policies

The Annual Report of Chempilots a/s for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

6 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the onaccount taxation scheme.

Notes to the Financial Statements

6 Accounting Policies (continued)

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant and machinery	5 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	10 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Fixed asset investments

Fixed asset investments consist of deposits.

Notes to the Financial Statements

6 Accounting Policies (continued)

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Notes to the Financial Statements

6 Accounting Policies (continued)

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.