

# Lonza Copenhagen ApS

Strandhaven 12  
2665 Vallensbæk Strand

CVR no. 21 59 58 88

## **Annual report 2018**

The annual report was presented and approved at  
the Company's annual general meeting on

28 May 2019

Ralf Manfred Geier-Cebin  
chairman

## **Contents**

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Company details	5
Operating review	6
Financial statements 1 January – 31 December	7
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes	11

## **Statement by the Board of Directors and the Executive Board**

The Board of Directors and the Executive Board have today discussed and approved the annual report of Lonza Copenhagen ApS for the financial year 1 January – 31 December 2018.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Vallensbæk Kommune, 28 May 2019  
Executive Board:

---

Henrik Larsen

Board of Directors:

---

Ralf Manfred Geier-Cibin  
Chairman

---

Daniel Blättler

---

Henrik Larsen

## **Independent auditor's report**

### **To the shareholder of Lonza Copenhagen ApS**

#### **Opinion**

We have audited the financial statements of Lonza Copenhagen ApS for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

#### **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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Management's responsibility 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 that 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company 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.

## Independent auditor's report

- 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.
- 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.

## Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 of the Management's review.

Copenhagen, 28 May 2019

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Naja Bjørk Olsen  
State Authorised  
Public Accountant  
mne41387

**Lonza Copenhagen ApS**  
Annual report 2018  
CVR no. 21 59 58 88

## **Management's review**

### **Company details**

Lonza Copenhagen ApS  
Strandhaven 12  
2665 Vallensbæk Strand

Telephone: +45 43 56 74 00  
Fax: +45 43 56 74 03

CVR no.: 21 59 58 88  
Established: 1 January 1999  
Registered office: Vallensbæk Kommune  
Financial year: 1 January – 31 December

### **Board of Directors**

Ralf Manfred Geier-Cibin, Chairman  
Daniel Blättler  
Henrik Larsen

### **Executive Board**

Henrik Larsen

### **Auditor**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfaergevej 28  
DK-2100 Copenhagen

## **Management's review**

### **Operating review**

#### **Principal activities**

The Company's main activity is production of agarose, primarily to the life science and health care markets.

#### **Development in activities and financial position**

The sale of Chromotography agarose to the Health care market decreased compared to last year (decreased demand from main customer). The profit figures are at the level of 2017. Lonza Copenhagen acts as a manufacturing partner of Lonza Sales AG. The contractual agreement between Lonza Copenhagen and Lonza Sales AG guarantees a constant profit.

#### **Outlook**

The industrial use of agarose continues to develop and management expects that the level of activities continues on a high level.

For year 2019 we are targeted Net sales of Mio DKK 30 and no cost increase. Raw material costs are at the level of 2018 and the Full Year Outlook based on Q1 Actual figures show no costs increase. Lonza Sales AG confirmed the Sales Outlook (contractual agreement between Lonza Sales AG and end customer). The industrial use of agarose continues to develop and management expects that the level of activities continues at a high level.

#### **Events after the balance sheet date**

No events, which have an effect on the annual report, have accrued after the closing of the financial year.

## Financial statements 1 January – 31 December

### Income statement

DKK	Note	2018	2017
<b>Gross profit</b>	2	5,051,046	5,198,231
Distribution costs	2	-213,876	-319,474
Administrative expenses	2	-2,274,061	-2,094,993
<b>Operating profit</b>		2,563,109	2,783,764
Financial income	3	22,336	52,457
Financial expenses		-81,181	-28,847
<b>Profit before tax</b>		2,504,264	2,807,374
Tax on profit/loss for the year	4	-550,938	-663,052
<b>Profit for the year</b>		1,953,326	2,144,322
<b>Proposed profit appropriation</b>			
Retained earnings		1,953,326	2,144,322



## Financial statements 1 January – 31 December

### Balance sheet

DKK	Note	31/12 2018	31/12 2017
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>			
Software		23,595	32,442
<b>Property, plant and equipment</b>			
Plant and machinery		18,886,199	20,425,580
Fixtures and fittings, tools and equipment		892,377	826,982
Leasehold improvements		627,123	728,024
Property, plant and equipment in progress		2,020,204	0
		22,425,903	21,980,586
<b>Total fixed assets</b>		22,449,498	22,013,028
<b>Current assets</b>			
<b>Inventories</b>			
Raw materials and consumables		7,826,418	9,897,792
Semifinished products		3,862,799	2,696,046
Finished goods and goods for resale		1,275,126	1,820,402
		12,964,343	14,414,240
<b>Receivables</b>			
Receivables from group entities		26,434,386	25,435,512
Other receivables		421,523	444,077
Prepayments		20,000	35,000
		26,875,909	25,914,589
<b>Cash at bank and in hand</b>		12,773,590	10,447,915
<b>Total current assets</b>		52,613,842	50,776,744
<b>TOTAL ASSETS</b>		75,063,340	72,789,772

## Financial statements 1 January – 31 December

### Balance sheet

DKK	Note	31/12 2018	31/12 2017
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital	5	150,000	150,000
Retained earnings		<u>67,199,217</u>	<u>65,245,891</u>
<b>Total equity</b>		<u>67,349,217</u>	<u>65,395,891</u>
<b>Provisions</b>			
Provisions for deferred tax		<u>2,426,079</u>	<u>2,112,818</u>
<b>Total provisions</b>		<u>2,426,079</u>	<u>2,112,818</u>
<b>Liabilities other than provisions</b>			
<b>Current liabilities other than provisions</b>			
Trade payables		954,839	1,049,899
Payables to group entities		26,861	10,684
Corporation tax		238,226	86,823
Other payables		<u>4,068,118</u>	<u>4,133,657</u>
		<u>5,288,044</u>	<u>5,281,063</u>
<b>Total liabilities other than provisions</b>		<u>5,288,044</u>	<u>5,281,063</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>75,063,340</u></u>	<u><u>72,789,772</u></u>
 <b>Contractual obligations, contingencies, etc.</b>			
<b>Related party disclosures</b>	6 7		

## Financial statements 1 January – 31 December

### Statement of changes in equity

DKK	Contributed capital	Retained earnings	Total
Equity at 1 January 2018	150,000	65,245,891	65,395,891
Transferred over the profit appropriation	0	1,953,326	1,953,326
<b>Equity at 31 December 2018</b>	<b>150,000</b>	<b>67,199,217</b>	<b>67,349,217</b>

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of Lonza Copenhagen ApS for 2018 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Change in comparative figures

Reclassifications to comparative figures in the financial statement have been made.

#### Recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally costs are recognised, including depreciations and reservels.

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

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the value of the liability can be reliably measured.

In initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

### Income statement

#### Gross Profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Revenue

Revenue from the sale of products and services is recognised in the income statement concurrently with the deliverance to the customer.

##### Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases and depreciation of production plant.

##### Distribution costs

Distribution costs include costs in the form of salaries to sales and distribution staff, advertising costs and depreciation. Furthermore, these costs include selling costs to distributors in the European market in respect of the Company's other products.

##### Administrative expenses

Administration costs comprise expenses incurred during the year for company management and administration, including expenses for administrative staff, office premises and depreciation etc.

##### Financial income and expenses

Financial income and expenses comprise interest income and expense, market gains and losses in respect of payables and transactions denominated in foreign currencies and refund under the on-account tax scheme etc.

##### Tax on profit/loss for the year

Tax of profit for the year, consisting of current taxes and deviations in deferred taxes, is recognised in the income statement with the share relating to the profit for the year and directly on the capital and reserves with the share relating to entries directly on the capital and reserves.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

### Balance sheet

#### Intangible assets

##### *Software*

Software are measured at cost less accumulated depreciation and impairment.

The basis of depreciation is calculated as cost less any residual value at the expiry of the expected useful life of the asset.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The amortization is usually 5 years.

#### Property, plant and equipment

Leasehold, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment.

The basis of depreciation is calculated as cost less any residual value at the expiry of the expected useful life of the asset.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Plant and machinery	10-20 years
Fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	5-30 years

Fixed assets under construction, property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the sales price, disposal costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as depreciation.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

##### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and direct production overheads.

##### Receivables

Receivables are measured at amortised cost. Provision is made for anticipated losses.

##### Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised as the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

##### Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at net realisable value.



## Financial statements 1 January – 31 December

### Notes

2

	2018	2017
Average number of full-time employees	16	17

### 3 Financial income

DKK	2018	2017
Interest income from group entities	21,921	22,262
Other financial income	415	30,195
	22,336	52,457

### 4 Tax on profit/loss for the year

DKK	2018	2017
Current tax for the year	236,456	206,823
Deferred tax for the year	313,261	456,334
Adjustment of tax concerning previous years	1,221	-105
	550,938	663,052

### 5 Equity

The contributed capital consists of 150 shares of a nominal value of DKK 1.000 each.

All shares rank equally.

### 6 Contractual obligations, contingencies, etc.

#### Operating lease obligations

The Company has a rent obligation in the amount of DKK 437 thousand with a term notice of six months.

The company has entered into lease agreements concerning cars and photo copying machine. The agreements are non-terminale for periods varying from 0-5 years, and the lease obligation amounts to DKK 575 thousand at 31 December.

## Financial statements 1 January – 31 December

### Notes

#### 7 Related party disclosures

Lonza Copenhagen ApS' related parties comprise the following:

##### Related party transactions

##### Ownership

The following shareholders are registered in the Company's register of shareholders as holding a minimum of 5% of the votes or a minimum of 5% of the contributed capital:

Lonza Bioproducts AG, Muenchenstrasse 38, Basel. Switzerland.

The group financial statements of Lonza Bioproducts AG, in which the Company is consolidated, may be obtained from the Company.