

Lonza Copenhagen ApS

Strandhaven 12
2665 Vailensbæk Strand
Denmark

CVR no. 21 59 58 88

Annual report 2020

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

14 June 2021



Ralf Manfred Geier-Cibin
chairman

Ralf Geier (Jun 28, 2021 09:59 GMT+2)

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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 2020.

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 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020.

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, 14 June 2021
Executive Board:



Henrik Larsen

Board of Directors:



Ralf Geier (Jun 28, 2021 09:59 GMT+2)

Ralf Manfred Geier-Cibin
Chairman



Daniel Blättler (Jun 29, 2021 15:27 GMT+2)

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 2020 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 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020 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

Independent auditor's report

- 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.
- 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.



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Independent auditor's report

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, 14 June 2021

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Christian Friis Engelbrecht
State Authorised
Public Accountant
mne44180

Lonza Copenhagen ApS
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Management's review

Company details

Lonza Copenhagen ApS
Strandhaven 12
2665 Vallensbæk Strand
Denmark

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
Dampfærgevej 28
DK-2100 København Ø
Denmark

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 has increased compared to last year.

The profit figures are higher than 2019 due to the increased sales.

Covid-19 pandemic and its global lockdown did not have any impact to the business of Lonza Copenhagen.

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 will increase in comparison to last 2020.

With our main customer a supply agreement has been signed with increasing volumes for the coming years.

Events after the balance sheet date

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

Financial statements 1 January – 31 December

Income statement

DKK	Note	2020	2019
Gross profit		4,949,294	5,849,215
Distribution costs		-229,595	-177,014
Administrative expenses		-1,232,477	-3,238,989
Profit before financial income and expenses		3,487,222	2,433,212
Other financial income	3	24,150	37,036
Other financial expenses		-373,641	-441,424
Profit before tax		3,137,731	2,028,824
Tax on profit/loss for the year	4	-562,360	-446,829
Profit for the year		<u>2,575,371</u>	<u>1,581,995</u>
Proposed profit appropriation			
Retained earnings		<u>2,575,371</u>	<u>1,581,995</u>
		<u>2,575,371</u>	<u>1,581,995</u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2020	2019
ASSETS			
Fixed assets			
Intangible assets			
Software		5,899	14,747
Property, plant and equipment	5		
Plant and machinery		32,994,686	34,469,992
Fixtures and fittings, tools and equipment		867,347	1,055,757
Leasehold improvements		471,445	548,589
Property, plant and equipment in progress		59,910	581,603
		<u>34,393,388</u>	<u>36,655,941</u>
Total fixed assets		<u>34,399,287</u>	<u>36,670,688</u>
Current assets			
Inventories			
Raw materials and consumables		8,745,940	8,925,453
Work in progress		1,760,647	1,397,910
Finished goods and goods for resale		4,830,248	6,545,386
		<u>15,336,835</u>	<u>14,868,749</u>
Receivables			
Receivables from group entities		42,924,585	24,381,946
Other receivables		439,138	125,473
		<u>43,363,723</u>	<u>24,507,419</u>
Cash at bank and in hand		<u>3,834,479</u>	<u>14,783,744</u>
Total current assets		<u>62,535,037</u>	<u>54,159,912</u>
TOTAL ASSETS		<u>96,934,324</u>	<u>90,830,600</u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2020	2019
EQUITY AND LIABILITIES			
Equity			
Contributed capital	6	150,000	150,000
Retained earnings		<u>71,356,583</u>	<u>68,781,212</u>
Total equity		<u>71,506,583</u>	<u>68,931,212</u>
Provisions			
Provisions for deferred tax		<u>2,498,541</u>	<u>2,579,681</u>
Total provisions		<u>2,498,541</u>	<u>2,579,681</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
Lease obligations		13,499,941	14,215,808
Other payables		<u>0</u>	<u>355,407</u>
		<u>13,499,941</u>	<u>14,571,215</u>
Current liabilities other than provisions			
Current portion of non-current liabilities		637,229	580,436
Trade payables		746,877	803,493
Payables to group entities		470,426	134,027
Corporation tax		553,500	151,065
Other payables		<u>7,021,227</u>	<u>3,079,471</u>
		<u>9,429,259</u>	<u>4,748,492</u>
Total liabilities other than provisions		<u>22,929,200</u>	<u>19,319,707</u>
TOTAL EQUITY AND LIABILITIES		<u>96,934,324</u>	<u>90,830,600</u>
Staff costs			
	2		
Contractual obligations, contingencies, etc.			
Related party disclosures			
	7		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK	Contributed capital	Retained earnings	Total
Equity at 1 January 2020	150,000	68,781,212	68,931,212
Transferred over the profit appropriation	0	2,575,371	2,575,371
Equity at 31 December 2020	150,000	71,356,583	71,506,583

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Lonza Copenhagen ApS for 2020 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.

Accounting policies for leased assets and lease liabilities

When entering into a contract, the Company assesses whether the contract is a lease or contains a lease component. A lease is defined as a contract or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When assessing whether a contract contains a lease component, it must be considered whether, during the period of use, the lessee has the right to substantially all economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

The Company recognises a right-of-use asset and a lease liability at the commencement date.

The Company leases cars including a service component in the payments to the lessor. This service is separated from the lease payment when measuring the lease liability. If the Company is unable to reliably separate lease components and non-lease components, it is considered a single lease component.

Lease liabilities recognised as "Lease obligations" are initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease payments consist of fixed and variable lease payments that depend on an index or a rate, guaranteed residual values, purchase options and extension options if the Company is reasonably certain to exercise the option and termination penalties if the lease term reflects the Company exercising an option to terminate the lease. The lease liability is subsequently adjusted as follows if:

- The value of the index or rate on which the lease payments are based is changed.
- The exercise of options is changed in order to extend or terminate the lease due to significant events or a significant change in circumstances within the Company's control.
- The lease term is changed if the option is exercised in order to extend or terminate the lease.
- Estimated residual value guarantee is changed.
- The contract is renegotiated or modified.

Any subsequent adjustment of the future lease liability is recognised as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is DKK 0, a negative adjustment to the right-of-use asset is, however, recognised in the income statement.

The right-of-use asset is initially measured at cost comprising amount of initial measurement of the lease liability plus any initial direct costs and any estimated costs of dismantling and removal of the asset at the end of the lease term which the Company is under an obligation to incur and any prepaid lease payments and less any lease incentives received.

The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the right-of-use asset.

Short-term leases with a maximum lease term of 12 months and leases for low-value assets are not recognised in the balance sheet.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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.

Revenue

Income from the sale of goods, comprising the sale of goods, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received.

Revenue from the sale of goods where delivery has been postponed at the buyer's request is recognised as revenue when ownership of the goods has been transferred to the buyer.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Revenue from the sale of services is recognised on a straight-line basis in the income statement as the services are provided.

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.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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

Accounting policies for leased assets and lease liabilities

When entering into a contract, the Company assesses whether the contract is a lease or contains a lease component. A lease is defined as a contract or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When assessing whether a contract contains a lease component, it must be considered whether, during the period of use, the lessee has the right to substantially all economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

The Company recognises a right-of-use asset and a lease liability at the commencement date.

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.

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.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

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.

Receivables

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

Cash at bank and in hand

Cash and cash equivalents comprise cash

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.

Other liabilities are measured at net realisable value.

Financial statements 1 January – 31 December

Notes

2 Staff costs

	2020	2019
Staff costs		
Wages and salaries	12,339,502	8,328,400
Pensions	947,110	807,211
Other staff costs	2,313,531	2,222,543
	<u>15,600,143</u>	<u>11,358,154</u>

Average number of full-time employees	<u>16</u>	<u>15</u>
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Staff costs are recognised in the financial statements as:

Production	7,850,355	7,403,785
Distribution	4,468,882	1,095,435
Administration	3,280,906	2,858,934
	<u>15,600,143</u>	<u>11,358,154</u>

3 Other financial income

Interest income from group entities	23,053	21,943
Other financial income	1,087	15,093
	<u>24,150</u>	<u>37,036</u>

4 Tax on profit/loss for the year

Current tax for the year	643,500	288,024
Deferred tax for the year	46,823	153,602
Adjustment of tax concerning previous years	-127,963	5,203
	<u>562,360</u>	<u>446,829</u>

Financial statements 1 January – 31 December

Notes

5 Property, plant and equipment

DKK	Plant and machinery	Fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Total
Cost at 1 January 2020	43,865,347	1,601,741	1,202,498	581,603	47,251,189
Additions for the year	865,655	0	0	59,910	925,565
Transfer for the year	581,603	0	0	-581,603	0
Cost at 31 December 2020	45,312,605	1,601,741	1,202,498	59,910	48,176,754
Depreciation and impairment losses at 1 January 2020	-9,395,355	-545,984	-853,909	0	-10,595,248
Depreciation for the year	-2,922,564	-188,410	-77,144	0	-3,188,118
Depreciation and impairment losses at 31 December 2020	-12,317,919	-734,394	-731,053	0	-13,783,366
Carrying amount at 31 December 2020	32,994,686	867,347	471,445	59,910	34,393,388
Assets held under finance leases	13,508,264	0	0	0	0

6 Equity

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

All shares rank equally.

7 Related party disclosures

Lonza Copenhagen ApS' related parties comprise the following:

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.

Lonza Copenhagen ApS is part of the consolidated financial statements of Lonza Bioproducts AG, Switzerland, which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of Lonza Bioproducts AG can be obtained by contacting the Company at the address above

