

STERIGENICS DENMARK A/S

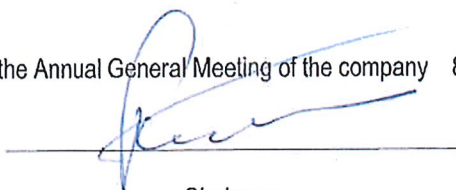
Registered Office: Aa. Louis-Hansens Alle 11, 3060 Espergærde

CVR-number 26 29 96 91

Annual Report 2023

Financial year: 01.01.2023 – 31.12.2023
22. Financial year

Adopted at the Annual General Meeting of the company 8 /4 2024



Chairman

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Company Information

The Company	STERIGENICS DENMARK A/S Aa. Louise-Hansens Alle 11 3060 Espergærde Municipality of reg. office: Helsingør
Executive Board	Maja Nøddekær
Supervisory Board	Lars Pontus Rundström Maja Nøddekær Robin Van Den Bergh
Auditors	EY Dirch Passers Allé 36 2000 Frederiksberg
Financial Year	1 January - 31 December

Management's Review

The Company's business review

The Company's objective is to perform contract sterilisation of hospital equipment and other products as well as other services related to contract sterilisation.

Significant changes in the company's activities and financial affairs

The results of the financial year are a result before tax of DKK 24.289.537 compared to a result before tax of DKK 26.668.869 in the financial year 2022. The results achieved are satisfactory.

There has been no significant changes in the activities and financial position during the financial year.

Subsequent events

It is Management's assessment that after the end of the financial year no events have occurred, which have a material influence on the assessment of the financial statements.

Management's Statement on the Annual Report

The Board of Directors and the Executive Board have today discussed and approved the Annual Report 2023 of STERIGENICS DENMARK A/S.

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

In our opinion, the Annual Report gives a true and fair view of the Company's financial position at 31 December 2023 and the results of operations for the financial year 1. January – 31. December 2023 of the Company.

In our opinion, the Management's review includes a fair review of the matters discussed in the Management review.


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

Espergærde, 8, April 2024

Executive Board


Maja Nøddekær

Supervisory Board


Lars Pontus Rundström


Maja Nøddekær


Robin Van Den Bergh

Independent auditors' report

To the shareholders of Sterigenics Denmark A/S:

Opinion

We have audited the financial statements of Sterigenics Denmark A/S for the financial year 1 January – 31 December 2023, which comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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 financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 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 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 the financial statements.

Independent auditors' report

As part of an audit conducted in accordance with ISAs and 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.
- 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 note 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 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.

Independent auditors' 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, 8. April 2024
EY Godkendt Revisionspartnerselskab
CVR-nr. 30 70 02 28



Martin Alsbæk
State Authorised
Public Accountant
mne28627

Accounting Policies

Basis of accounting

The Annual Report of STERIGENICS DENMARK A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B. The Management has chosen to follow certain rules from reporting class C.

The accounting policies applied by the company are consistent with those of last year.

The Annual Report for 2023 has been prepared in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned, which includes recognition of value adjustments of financial assets and liabilities. Furthermore, all expenses incurred, including depreciation, amortisation and impairment losses, are 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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any deductions and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report, which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated during the year at the exchange rates at the dates of transaction. Exchange differences between the exchange rates at the balance sheet date and the transactions date rates are recognised in financial income and expenses in the income statement. If exchange rate 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. The difference between the exchange rates at the balance sheet date and the exchange rate at the time of contracting the receivable or the debt is recognised in financial income and expenses in the income statement.

Fixed assets purchased in foreign currencies are measured at the rate of exchange at the date of transaction.

Accounting Policies

Income statement

Gross profit

Referring to the Danish Financial Statements Act §32, net revenue and production costs are aggregated to Gross gain.

Revenue

Revenue is recognized in the income statement provided that delivery and transfer of risk have been made to the purchaser by the end of the year. Revenue is recognized exclusive of VAT and net discounts relating to sales.

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Cost of production

Production costs include costs spent to achieve the turnover of the year. The costs include consumables, labour costs and production overhead such as maintenance and depreciations etc.

Administrative expenses

Administration expenses include costs for office and other administrative overhead.

Sales and Distribution costs

Sales and distribution expenses include costs for advertisement and marketing, car service and depreciations regarding goodwill etc.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised exchange gains and losses concerning debt and transactions in foreign currencies as well as extra payments and repayment under the on-account taxation scheme.

Corporation tax

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

Accounting Policies

Balance sheet

Non-current assets

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. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

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:

Production buildings	25	Years
Plant and machinery	10-20	Years
Other fixtures and fittings, tools and equipment	3-10	Years

Estimated residual value after use is DKK 0.

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Gains or losses on disposal of tangible assets are calculated as the difference between selling price less selling costs and the book value at the time of sale. Gains and losses are recognized as other operating income or other operating expenses.

Impairment of fixed assets

An impairment test is made for property, plant and equipment, and intangible assets, if there are indications of decreases in value. The impairment test is made for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value. The value is reduced by provision for bad debts. Impairment are made at net realizable value.

Accounting Policies

Cash

Cash at bank and in hand comprise bank balances.

Considering the nature of the scheme, account balances relating to the Group's cash pool scheme are not considered cash and cash equivalents, but are included in the financial statement item receivables from group entities.

Deferred income assets

Prepayments include expenses incurred in respect of subsequent financial years.

Provisions

Provisions include expected costs related to royalty obligations and are recognized at the balance sheet date, when the company has a legal or actual obligation and it is probable that the obligation will cause an outflow of financial resources, as a result of past events. Provisions expected to be settled after more than one year after the balance sheet date are measured at the net present value of the expected payments. Other provisions are measured at net realisable value.

Corporation tax and deferred tax

Current tax liabilities and current tax receivable are recognised in calculated tax on the tax-able income for the year in the balance sheet adjusted for tax on previous years' taxable income and taxes paid on account.

Deferred tax is measured under the balance sheet liability method in respect of 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 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 and jurisdiction. Any deferred net tax assets are measured at net realisable value.

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. Change in deferred tax due to changes in tax rates are recognised in the income statements. For this year, a tax rate of 22% is applied.

Debt

Financial debts are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the financial debts are measured at amortised cost equal to the capitalised value using the effective interest method; the difference between the proceeds and the nominal value is recognised in the income statement over the loan period.

Other debt is measured at net realizable value.

Accounting Policies

Leases

Leases are recognised in accordance with IAS 17 and classified as finance lease liabilities and operating lease liabilities.

A finance lease is classified as a lease which in all material respects transfers the risk and benefits associated with ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term. Operational lease commitment are disclosed in note 10 Liabilities under leases disclosed separately

Income statement 1 January - 31 December

Note	2023	2022
Gross profit	34.023.303	37.034.663
Administrative expenses	9.733.060	9.886.409
Distribution costs	127.739	278.234
Profit from ordinary operating activities	24.162.504	26.870.020
2 Financial income	527.584	223.945
3 Financial expenses	400.551	425.096
Profit from ordinary activities before tax	24.289.537	26.668.869
4 Tax expense on ordinary activities	5.337.033	5.854.891
Profit	18.952.504	20.813.978
Proposed distribution of results:		
Retained earnings	18.952.504	20.813.978
Profit for the year distributed	18.952.504	20.813.978

Balance sheet 31 December

Assets

Note	2023	2022
5 Land and buildings	11.726.245	13.364.074
6 Fixtures, fittings, tools and equipment	6.734.088	6.876.066
7 Property, plant and equipment in progress	605.293	0
Property, plant and equipment	19.065.626	20.240.140
Non-current assets	19.065.626	20.240.140
Short-term trade receivables	8.006.415	8.400.366
8 Receivables from group enterprises	96.410.172	77.619.570
Short-term tax receivables	349.044	844.126
Other short-term receivables	6.885	6.885
Prepaid expenses	502.756	505.093
Receivables	105.275.272	87.376.040
Cash and cash equivalents	2.946.625	1.871.577
Current assets	108.221.897	89.247.617
Total assets	127.287.523	109.487.757

Balance sheet 31 December

Liabilities

Note	2023	2022
Share capital	20.001.000	20.001.000
Retained earnings	101.668.951	82.716.447
Equity	121.669.951	102.717.447
9 Provisions for deferred tax	216.881	456.804
Provisions	216.881	456.804
Short-term trade payables	2.472.366	3.284.214
Short-term payables to group enterprises	0	29.327
Other short-term payables	2.928.325	2.999.965
Short-term debt	5.400.691	6.313.506
Total debt	5.400.691	6.313.506
Total liabilities and equity	127.287.523	109.487.757
10 Liabilities under leases disclosed separately		
11 Disclosure of mortgages and collaterals		
12 Ownership		

Equity Statement

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2022	20.001.000	61.902.469	81.903.469
Profit of the year	0	20.813.978	20.813.978
Equity 31 December 2022	20.001.000	82.716.447	102.717.447
Equity 1 January 2023	20.001.000	82.716.447	102.717.447
Profit of the year	0	18.952.504	18.952.504
Equity 31 December 2023	20.001.000	101.668.951	121.669.951

Notes to the Annual Report

	2023	2022
1 Employee expense		
Wages and salaries	26.377.412	24.215.751
Pensions	2.362.681	1.861.339
Other social security costs	616.616	507.247
Employee expense total	29.356.709	26.584.337
Average number of employees	42	40
2 Financial income		
Other financial costs	527.584	223.945
	527.584	223.945
3 Financial expenses		
Other financial costs	400.551	425.096
	400.551	425.096
4 Tax expense on ordinary activities		
Tax on the taxable income for the year	5.576.956	6.033.874
Change in provision for deferred tax	-239.923	-178.983
	5.337.033	5.854.891

Notes to the Annual Report

	2023	2022
5 Land and buildings		
Cost, beginning of the year	43.324.686	42.087.750
Additions for the year	0	1.236.936
Disposals for the year	0	0
Cost, end of the year	43.324.686	43.324.686
Depreciation, beginning of year	29.960.612	28.346.102
Depreciation for the year	1.637.829	1.614.510
Depreciation, end of year	31.598.441	29.960.612
Net book value 31 December	11.726.245	13.364.074

Depreciations are allocated as production costs

6 Fixtures, fittings, tools and equipment		
Cost, beginning of the year	60.657.084	59.804.711
Additions for the year	2.543.703	852.373
Disposals for the year	753.392	0
Cost, end of the year	62.447.395	60.657.084
Depreciation, beginning of year	53.781.018	50.389.077
Depreciation for the year	2.685.681	3.391.941
Disposals depreciation	753.392	0
Depreciation, end of year	55.713.307	53.781.018
Net book value 31 December	6.734.088	6.876.066

Depreciations are allocated as production costs

Notes to the Annual Report

	2023	2022
7 Assets under construction		
Cost, beginning of the year	0	1.585.053
Additions for the year	605.293	0
Disposals for the year	0	-1.585.053
Cost, end of the year	605.293	0
Net book value 31 December	605.293	0
8 Receivables from group entities		
The Sotera Health Company has an agreement regarding a cash pool scheme with JPMorgan Chase Bank, N.A.		
Sterigenic Denmark A/S' account in the cash pool scheme, amount to DKK 96,410 thousand (DKK 77,620 thousand for 2022) and is recognised as a receivable from group entities.		
9 Provisions for deferred tax		
Deferred tax 1 January	-456.804	-635.787
Adjustment of provision for the year	239.923	178.984
Deferred tax assets at 31 December	-216.881	-456.804
Deferred tax assets recognized in the balance sheet	-216.881	-456.804
The following amount is shown in the balance sheet:		
Tangible fixed assets	-216.881	-456.804
	-216.881	-456.804

Notes to the Annual Report

10 Liabilities under leases disclosed separately

The company has entered into lease and operating lease agreements with a total obligation of kDKK 312, of which kDKK 133 is due within 1 year.

11 Disclosure of mortgages and collaterals

There are no securities or mortgages as of 31 December 2023.

12 Ownership

The immediate Parent Company is STR 1 B.V., Naritaweg 165, 1043 BW Amsterdam, Netherlands. The Company's ultimate Parent Company which prepares consolidated financial statements into which the Company is incorporated as a subsidiary, is Sotera Health Company, 9100 South Hills Blvd, Suite 300, Boradview Heights, Ohio, 44147, USA.

The following shareholders in the company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

STR 1 B.V., Amsterdam, Netherlands.