
Presafe Denmark A/S

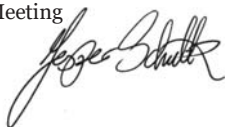
c/o Det Norske Veritas, Business Assurance, Tuborg
Parkvej 8, 2., DK-2900 Hellerup

Annual Report for 1 January - 31 December 2020

CVR No 34 08 07 71

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
27/05 2021

Jesper Schulz
Chairman of the General
Meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Company Information	
Company Information	5
Management's Review	6
Financial Statements	
Income Statement 1 January - 31 December	8
Balance Sheet 31 December	9
Notes to the Financial Statements	11

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Presafe Denmark A/S for the financial year 1 January - 31 December 2020.

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 2020 of the Company and of the results of the Company operations for 2020.

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.

Hellerup, 27 May 2021


Executive Board


Jesper Jakobsen Schultz
Executive Officer

Board of Directors


Cecilie Gudesen Torp
Chairman


Malin Cecilia Wittgren


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Carsten Worm Jensen

Independent Auditor's Report

To the Shareholder of Presafe Denmark A/S

Opinion

We have audited the financial statements of Presafe Denmark A/S 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Independent Auditor's Report

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.
- 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 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.

Independent Auditor's Report

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.

Copenhagen, 27 May 2021

KPMG

Statsautoriseret Revisionspartnerselskab

CVR No 25 57 81 98



Kenn Wolff Hansen

statsautoriseret revisor

mne30154

Company Information

The Company

Presafe Denmark A/S
c/o Det Norske Veritas, Business Assurance
Tuborg Parkvej 8, 2.
DK-2900 Hellerup

Telephone: + 45 39454999
E-mail: presafedk@presafe.com
Website: www.presafe.dk

CVR No: 34 08 07 71
Financial period: 1 January - 31 December
Municipality of reg. office: Gentofte

Board of Directors

Cecilie Gudesen Torp, Chairman
Malin Cecilia Wittgren
Carsten Worm Jensen

Executive Board

Jesper Jakobsen Schultz

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø

Management's Review

Key activities

The Company works to safeguard life, property and the environment. The Company provides certification of medical devices in accordance to current legislation in the markets where the medical devices are marketed.

Development in the year

The income statement of the Company for 2020 shows a profit of DKK 7,898,976, and at 31 December 2020 the balance sheet of the Company shows equity of DKK 14,682,472.

Targets and expectations for the year ahead

The regulation of medical devices is undergoing significant changes with ratification of stricter legislation in EU. This has triggered a transition process from Medical Device Directive to Medical Device Regulation and will trigger a transition from In Vitro Diagnostic Directive to In Vitro Diagnostic Regulation. These changes in the regulation puts increased requirements on the producers and the notified bodies. For Presafe Denmark this will mean an increase in the activities needed to certify the medical devices on the current portfolio. The expectation for 2021 is an increase in the level of activities with an expected effect on the revenue of +15% in 2021 compared to 2020.

An investment in transferring the notification from Danish to Norwegian authorities reduces the expected profit margin to 10%.

Management expects revenue growth in the period from 2022-24 to be 10%. The expected growth is to a high degree expected to be generated by the transition to Medical Device Regulation and In Vitro Diagnostic Directive and a strong customer focus.

The business plan for 2021-24 and the terminal period assumes a margin of 10% which is a conservative assumption compared to 2020 result.

Unusual events

2020 operations were significantly affected by COVID-19. The lockdown in March 2020 triggered a range of mitigation actions to secure the ability to keep serving the Company's customers and securing the financials of the Company. A fast transition from onsite deliveries to remote deliveries has been the key element to mitigate the negative effect of COVID-19 on our customers, employees, sub-contractors and financials. This fast transition to a remote delivery model combined with strong cost saving initiatives proved to be a strong recipe to bring the company through the first year of the pandemic. Some onsite activities have been postponed with only a partial mitigation model due to requirements in the medical device regulations that doesn't allow for exceptions to perform the audits remotely.

Management's Review

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2020 DKK	2019 DKK
Gross profit		33.072.483	20.786.043
Staff expenses	1	-20.989.102	-18.186.192
Depreciation, amortisation and impairment of intangible assets		<u>-1.920.250</u>	<u>-1.868.051</u>
Profit before financial income and expenses		10.163.131	731.800
Financial income		21.188	25.049
Financial expenses	2	<u>-55.939</u>	<u>-263.927</u>
Profit before tax		10.128.380	492.922
Tax on profit/loss for the year	3	<u>-2.229.404</u>	<u>-359.508</u>
Net profit for the year		<u>7.898.976</u>	<u>133.414</u>

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	13.000.000	0
Retained earnings	<u>-5.101.024</u>	<u>133.414</u>
	<u>7.898.976</u>	<u>133.414</u>

Balance Sheet 31 December

Assets

	<u>Note</u>	<u>2020</u> DKK	<u>2019</u> DKK
Acquired patents		585.000	1.170.000
Goodwill		1.335.263	2.670.513
Intangible assets	4	<u>1.920.263</u>	<u>3.840.513</u>
Fixed assets		<u>1.920.263</u>	<u>3.840.513</u>
Trade receivables		13.728.868	8.904.553
Contract work in progress	5	1.231.092	367.462
Receivables from group enterprises		12.864.339	1.129.101
Deferred tax asset		161.945	560.677
Receivables		<u>27.986.244</u>	<u>10.961.793</u>
Currents assets		<u>27.986.244</u>	<u>10.961.793</u>
Assets		<u>29.906.507</u>	<u>14.802.306</u>

Balance Sheet 31 December

Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital	6	502.000	502.000
Retained earnings		1.180.472	6.281.496
Proposed dividend for the year		13.000.000	0
Equity		14.682.472	6.783.496
Other payables		1.713.768	626.184
Long-term debt	7	1.713.768	626.184
Credit institutions		2.241	0
Trade payables		1.150.596	303.055
Contract work in progress, liabilities	5	468.413	104.706
Payables to group enterprises		2.781.642	3.048.590
Payables to group enterprises relating to corporation tax		1.830.672	0
Other payables	7	7.276.703	3.936.275
Short-term debt		13.510.267	7.392.626
Total		15.224.035	8.018.810
Liabilities and equity		29.906.507	14.802.306
Contingent assets, liabilities and other financial obligations	8		
Related parties	9		
Accounting Policies	10		

Notes to the Financial Statements

	<u>2020</u>	<u>2019</u>
	DKK	DKK
1 Staff expenses		
Wages and salaries	17.625.483	16.176.611
Pensions	1.786.352	1.421.122
Other social security expenses	34.397	133.273
Other staff expenses	<u>1.542.870</u>	<u>455.186</u>
	<u>20.989.102</u>	<u>18.186.192</u>
Average number of employees	<u>20</u>	<u>18</u>
2 Financial expenses		
Interest paid to group enterprises	37.524	210.191
Other financial expenses	18.415	20.077
Exchange loss	<u>0</u>	<u>33.659</u>
	<u>55.939</u>	<u>263.927</u>
3 Tax on profit/loss for the year		
Current tax for the year	1.830.672	0
Deferred tax for the year	398.732	111.060
Adjustment of deferred tax concerning previous years	<u>0</u>	<u>248.448</u>
	<u>2.229.404</u>	<u>359.508</u>

Notes to the Financial Statements

4 Intangible assets

	Acquired pa- tents	Goodwill	Total
	DKK	DKK	DKK
Cost at 1 January 2020	5.850.000	13.352.500	19.202.500
Cost at 31 December 2020	5.850.000	13.352.500	19.202.500
Impairment losses and amortisation at 1 January 2020	4.680.000	10.681.987	15.361.987
Amortisation for the year	585.000	1.335.250	1.920.250
Impairment losses and amortisation at 31 December 2020	5.265.000	12.017.237	17.282.237
Carrying amount at 31 December 2020	585.000	1.335.263	1.920.263

5 Contract work in progress

	2020	2019
	DKK	DKK
Selling price of work in progress	53.135.976	6.147.211
Payments received on account	-52.373.297	-5.884.455
	762.679	262.756
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	1.231.092	367.462
Prepayments received recognised in debt	-468.413	-104.706
	762.679	262.756

6 Equity

The share capital consists of 502 shares of a nominal value of DKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

Notes to the Financial Statements

7 Long-term debt

	<u>2020</u> DKK	<u>2019</u> DKK
Other payables		
Between 1 and 5 years	1.713.768	626.184
Long-term part	1.713.768	626.184
Other short-term payables	7.276.703	3.936.275
	<u>8.990.471</u>	<u>4.562.459</u>

8 Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The Company is jointly and severally liable for tax on the jointly taxed incomes etc. of the Danish Group companies. The total amount of corporation tax payable is disclosed in the Annual Report of DNV Denmark A/S, 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 and tax on royalty and interest payments. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

9 Related parties

Basis

Controlling interest

DNV Product Assurance AS

Parent Company

Ownership

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

DNV Product Assurance AS

Consolidated Financial Statements

The Company is included in the consolidated annual report of the Parent Company

Name

Place of registered office

DNV Product Assurance AS

Oslo, Norge

The Group Annual Report of DNV Product Assurance AS may be obtained at the following address:

Veritasvejen 1, 1363 Høvik, Norway

www.dnv.com

Notes to the Financial Statements

10 Accounting Policies

The Annual Report of Presafe Denmark A/S for 2020 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 2020 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

10 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of services is recognised as the service is delivered and 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.

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/loss

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

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

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

Other operating income

Other operating income comprise items of a secondary nature to the main activities of the Company, including gains on the sale of intangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Notes to the Financial Statements

10 Accounting Policies (continued)

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in 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 transactions is recognised directly in equity.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 years.

Patents are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, however not exceeding 5 years.

Impairment of fixed assets

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

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.

Dividend

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

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.

Notes to the Financial Statements

10 Accounting Policies (continued)

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.

Financial debts

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