

Steelco Nordic A/S

Lottenborgvej 26, 2800 Kgs. Lyngby

Company reg. no. 38 17 91 60

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 8 March 2021.

John Magnus Martin Hansson
Chairman of the meeting

Contents

	<u>Page</u>
Reports	
Management's report	1
Independent auditor's report	2
Management commentary	
Company information	5
Management commentary	6
Financial statements 1 January - 31 December 2020	
Accounting policies	7
Income statement	12
Statement of financial position	13
Statement of changes in equity	15
Notes	16

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

Today, the board of directors and the managing director have presented the annual report of Steelco Nordic A/S for the financial year 1 January - 31 December 2020.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities in the financial year 1 January – 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Kgs. Lyngby, 5 March 2021

Managing Director

Ole Lundgaard-Mortensen

Board of directors

John Magnus Martin Hansson

Nicoletta Casonato

Ole Lundgaard-Mortensen

Independent auditor's report

To the shareholders of Steelco Nordic A/S

Opinion

We have audited the financial statements of Steelco Nordic A/S for the financial year 1 January - 31 December 2020, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities 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 and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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 international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen V, 5 March 2021

BRANDT

State Authorized Public Accounting Firm
Company reg. no. 25 49 21 45

Peter Arent Benkjer

State Authorised Public Accountant
mne35785

Company information

The company

Steelco Nordic A/S

Lottenborgvej 26

2800 Kgs. Lyngby

Company reg. no. 38 17 91 60

Financial year: 1 January - 31 December

Board of directors

John Magnus Martin Hansson

Nicoletta Casonato

Ole Lundgaard-Mortensen

Managing Director

Ole Lundgaard-Mortensen

Auditors

BRANDT Statsautoriseret Revisionspartnerselskab

Ved Vesterport 6, 5. sal

1612 København V

Management commentary

The principal activities of the company

The main activities of the company include sale, installation, validation and service of infection control and infection prevention products within the areas hospitals, research and the pharma industry in Denmark – together with the remaining Northern countries.

Development in activities and financial matters

The gross profit for the year totals DKK 18.421.347 against DKK 9.848.129 last year. Income from ordinary activities after tax totals DKK 1.189.789 against DKK -3.282.206 last year. The management considers the development in net profit for the year very satisfactory.

Target and expectations for the coming year

The positive development in 2020 is expected to continue in 2021. The order backlog is considerably increased compared to the beginning of the financial year 2020.

New important projects, including CSSDs and washing and sterilization equipment for the pharma industry are won in 2020 for delivery in 2021 and 2022.

The order intake in 2021 is also expected to show a positive development. The reason given for this is that the demand for Steelco's equipment is strongly increasing.

Financial resources

The company's continued operations are also dependent of financial support from the parent company, which has submitted a declaration of support for the upcoming 12 months after financial reporting.

Events occurring after the end of the financial year

The company is aware of a possible effect in their activity from the COVID-19 Virus and they are ready to make necessary adjustments, provided it being a necessity.

In 2020 Steelco Nordic A/S has not utilized aid packages.

Accounting policies

The annual report for Steelco Nordic A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems 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 statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Recognition of Steelco Norway

Steelco Norway is recognized line by line based on the balance sheet at 31.12.2020.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer has taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Accounting policies

Contract work in progress concerning construction contracts is recognised in the revenue concurrently with the production process. Thus, the revenue corresponds to the selling price of the total yearly production (the production method). The revenue is recognised when the total income and costs of the contract and the stage of completion on the reporting date can be reliably validated and it is deemed probable that the financial benefits will flow to the company.

When the results of a contract cannot be reliably validated, the revenue is recognised solely on a cost basis to the extent that it seems probable that the costs will be recovered.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, ect.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concern the financial year.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Property, plant, and equipment

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

Accounting policies

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Inventories

Inventories are measured at cost on the basis of weighted measured average prices. In cases when the net realisable value is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed, however with deduction of invoicing on account and expected losses. Contract work in progress is characterised by the manufactured goods featuring a high level of individualisation in the design. Furthermore, it is a requirement that before work is commenced, a binding contract is to be entered into, implying penalty or damages in case of subsequent cancellation.

Accounting policies

The selling price is measured on the basis of the stage of completion on the balance sheet date and the total expected income from the individual contracts. The stage of completion is determined on the basis of an evaluation of the work performed, usually determined as the ratio of the costs incurred to the total expected cost of the contract in question.

Prepayments from customers are recognised under liabilities.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Provisions

Provisions comprise expected costs for guarantee liabilities, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the company.

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-2 years. The provisions are measured at the net realisable value and recognised on the basis of the obtained experience with guarantee work. If provisions have an expected due date later than 1 year from the balance sheet date, they are discounted at the average bond interest.

Accounting policies

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Income statement 1 January - 31 December

All amounts in DKK.

Note	2020	2019
Gross profit	18.421.347	9.848.129
2 Staff costs	-14.732.392	-12.541.347
Depreciation and impairment of property, land, and equipment	-173.437	-104.629
Operating profit	3.515.518	-2.797.847
Other financial income	342.543	0
3 Other financial costs	-1.734.109	-440.700
Pre-tax net profit or loss	2.123.952	-3.238.547
Tax on net profit or loss for the year	-934.163	-43.659
Net profit or loss for the year	1.189.789	-3.282.206
Proposed appropriation of net profit:		
Transferred to retained earnings	1.189.789	0
Allocated from retained earnings	0	-3.282.206
Total allocations and transfers	1.189.789	-3.282.206

Statement of financial position at 31 December

All amounts in DKK.

Assets			
<u>Note</u>		<u>2020</u>	<u>2019</u>
Non-current assets			
4	Other fixtures and fittings, tools and equipment	472.168	345.372
	Total property, plant, and equipment	472.168	345.372
5	Deposits	3.630	0
	Total investments	3.630	0
	Total non-current assets	475.798	345.372
Current assets			
	Raw materials and consumables	4.446.129	4.760.813
	Total inventories	4.446.129	4.760.813
	Trade receivables	7.390.412	12.636.147
6	Contract work in progress	12.007.100	9.097.465
	Deferred tax assets	0	409.045
	Other receivables	206.711	118.279
	Total receivables	19.604.223	22.260.936
	Cash on hand and demand deposits	3.735.977	6.543.886
	Total current assets	27.786.329	33.565.635
	Total assets	28.262.127	33.911.007

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2020</u>	<u>2019</u>
Equity			
	Contributed capital	500.000	500.000
	Retained earnings	-3.482.162	-4.913.087
	Total equity	-2.982.162	-4.413.087
Provisions			
8	Other provisions	368.200	297.965
	Total provisions	368.200	297.965
Liabilities other than provisions			
	Payables to group enterprises	19.328.815	29.923.610
	Other payables	0	281.841
	Total long term liabilities other than provisions	19.328.815	30.205.451
	Prepayments received from customers	2.835.218	1.641.210
	Trade payables	1.088.482	1.276.685
	Corporate tax	525.118	0
	Other payables	7.098.456	4.902.783
	Total short term liabilities other than provisions	11.547.274	7.820.678
	Total liabilities other than provisions	30.876.089	38.026.129
	Total equity and liabilities	28.262.127	33.911.007

1 Subsequent events

9 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2019	500.000	-1.630.881	-1.130.881
Profit or loss for the year brought forward	0	-3.282.206	-3.282.206
Equity 1 January 2020	500.000	-4.913.087	-4.413.087
Profit or loss for the year brought forward	0	1.189.789	1.189.789
Exchange rate reserve	0	241.136	241.136
	500.000	-3.482.162	-2.982.162

Notes

All amounts in DKK.

	2020	2019
1. Subsequent events		
The Company's management expects that the company's operations going forward will be profitable and equity can be restored as a result of continuing growth and focus on current operating costs. The company's continued operations are also dependent on this of financial support from the parent company, which has submitted a declaration of support for the upcoming 12 months after financial reporting.		
2. Staff costs		
Salaries and wages	13.785.572	12.079.089
Pension costs	860.016	396.130
Other costs for social security	40.825	21.397
Other staff costs	45.979	44.731
	14.732.392	12.541.347
 Average number of employees	 22	 16
3. Other financial costs		
Financial costs, group enterprises	133.468	133.103
Other financial costs	1.600.641	307.597
	1.734.109	440.700
4. Other fixtures and fittings, tools and equipment		
Cost 1 January 2020	439.597	16.652
Adjustment of primo	13.112	0
Additions during the year	303.631	422.945
Cost 31 December 2020	756.340	439.597
 Depreciation and writedown 1 January 2020	 -94.225	 -3.700
Adjustment of primo	-16.510	0
Depreciation for the year	-173.437	-90.525
Depreciation and writedown 31 December 2020	-284.172	-94.225
 Carrying amount, 31 December 2020	 472.168	 345.372

Notes

All amounts in DKK.

	31/12 2020	31/12 2019				
5. Deposits						
Additions during the year	3.630	0				
Cost 31 December 2020	3.630	0				
Carrying amount, 31 December 2020	3.630	0				
6. Contract work in progress						
Sales value of the production of the period	17.861.912	9.097.465				
Payments on account received	-5.854.812	0				
Contract work in progress, net	12.007.100	9.097.465				
The following is recognised:						
Work in progress for the account of others (current assets)	12.007.100	9.097.465				
	12.007.100	9.097.465				
7. Receivables from owners and management						
Category	Interest rate	Term	Remaining term	Writedown for impairment	Amounts repaid during the financial year	Total receivables at 31 December 2020
Executive board	10,05	0	0	0	31.347	0
8. Other provisions						
Other provisions 1 January 2020					297.965	0
Change of the year in other provisions					70.235	297.965
					368.200	297.965
Maturity is expected to be:						
0-1 years					276.150	232.046
1-2 year					92.050	65.919
					368.200	297.965

Notes

All amounts in DKK.

9. Contingencies

Contingent liabilities

Lease liabilities

In addition to financial leasing contracts, the company has entered into operational leasing contracts with an average annual lease payment of 384 tdkk. The leasing contracts have approx 48 months left to run, and the total outstanding leasing payment is 959 tdkk.

In addition, the company has entered into a rent agreement with a residual maturity of 15 months and a total remuneration of 424 tdkk.

Warranty commitments and other contingent liabilities:

Instead of paying the deposit, the company has provided a bank guarantee of 227 tdkk.

Furthermore, the company has issued guarantees for a total of 8,770 tddk per. December 31, 2020.