

Steelco Nordic A/S

Lottenborgvej 26, 2800 Kgs. Lyngby

Company reg. no. 38 17 91 60

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 31 August 2020.

John Magnus Martin Hansson
Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Steelco Nordic A/S for the financial year 1 January to 31 December 2019.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2019 and of the company's results of its activities in the financial year 1 January to 31 December 2019.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Kgs. Lyngby, 31 August 2020

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 annual accounts of Steelco Nordic A/S for the financial year 1 January to 31 December 2019, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January to 31 December 2019 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 below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts 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 may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

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 evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 31 August 2020

BRANDT

Company reg. no. 25 49 21 45

Peter Arent Benkjer

State Authorised Public Accountant
mne35785

Company data

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's review

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 net turnover for the year is DKK 61.083.692 against DKK 36.598.932 last year. The results from ordinary activities after tax are DKK -3.282.206 against DKK 1.242.513 last year. The management consider the results unsatisfactory. This year's result includes the branch in Norway with a profit of DKK -3.383.752. During the year, investments were made in personnel and equipment in the branch in Norway. This is to be prepared for the settlement of the positive order intake in 2019 for delivery in 2020 and 2021. This has affected the result in Steelco Nordic negatively.

Financial resources

As a result of this year's operations, the company has lost its equity. 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.

Events subsequent to the financial year

After end of the financial year, no events have occurred that will change the company's financial position.

Accounting policies used

The annual report for Steelco Nordic A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

Changes in the accounting policies used

The classification of the item "staff cost" has been changed so that certain types of costs that previously have been recognised under staff cost in the future are recognised under the item "other external charges".

The change in classification has no effect on the profit for the year or the balance sheet, neither for the current financial year, nor for the previous financial year. The comparative figures have been adjusted in accordance with the change of classification.

Apart from the above, the annual accounts have been prepared in accordance with the same accounting policies as last year and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concern matters existing on the balance sheet date.

Recognition of Steelco Norway

Steelco Norway is recognized line by line based on the balance sheet at 31.12.2019.

Accounting policies used

Income statement

Net turnover

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Contract work in progress concerning construction contracts is recognised concurrently in the net turnover with the progress of the production. Thus the net turnover corresponds to the sales value of the completed productions of the year (the production method). The net turnover is recognised when the total income and costs of the contract and the scope of completion on the balance sheet date can be determined reliably, and when it is likely that the financial benefits will be received by the company.

When the results of a contract can not be determined reliably, the net turnover is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

Cost of sales

Cost of sales include costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs

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 costs for social security etc. for staff members. Staff costs are less public reimbursements.

Net financials

Net financials 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 of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

Accounting policies used

The balance sheet

Tangible fixed assets

Other tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of 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 book value, the amortisation discontinues.

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

The cost comprises the acquisition cost and costs directly attached to 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 takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other plants, operating assets, fixtures and furniture	3-5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Inventories

Inventories are measured at cost on the basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

Inventories are measured at cost on the basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

Accounting policies used

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

Debtors

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.

Work in progress for the account of others

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.

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 achievement of contracts are recognised in the profit and loss account when incurred.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. 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 all temporary differences in assets and liabilities with a balance sheet focus.

Accounting policies used

Deferred tax assets, including the tax value of tax losses eligible for carry-over, 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.

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

Other 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.

Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

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

Profit and loss account 1 January - 31 December

All amounts in DKK.

Note	2019	2018
2 Net turnover	61.083.692	36.598.932
3 Raw materials and consumables used	-45.600.375	-23.882.355
Other external costs	-5.635.188	-2.389.611
Gross results	9.848.129	10.326.966
4 Staff costs	-12.541.347	-8.470.295
Depreciation and writedown relating to tangible fixed assets	-104.629	-3.700
Operating profit	-2.797.847	1.852.971
Other financial income	0	11.403
5 Other financial costs	-440.700	-265.244
Results before tax	-3.238.547	1.599.130
Tax on ordinary results	-43.659	-356.617
Results for the year	-3.282.206	1.242.513
Proposed distribution of the results:		
Allocated to results brought forward	0	1.242.513
Allocated from results brought forward	-3.282.206	0
Distribution in total	-3.282.206	1.242.513

Balance sheet 31 December

All amounts in DKK.

Assets			
<u>Note</u>		<u>2019</u>	<u>2018</u>
Fixed assets			
6	Other plants, operating assets, and fixtures and furniture	345.372	12.952
	Tangible fixed assets in total	345.372	12.952
	Deposits	0	73.750
	Financial fixed assets in total	0	73.750
	Fixed assets in total	345.372	86.702
Current assets			
	Raw materials and consumables	4.760.813	2.618.195
	Inventories in total	4.760.813	2.618.195
	Trade debtors	12.636.147	17.137.763
	Work in progress for the account of others	9.097.465	0
	Deferred tax assets	409.045	452.704
	Other debtors	118.279	13.108
	Accrued income and deferred expenses	0	166.953
	Debtors in total	22.260.936	17.770.528
	Available funds	6.543.886	5.666.582
	Current assets in total	33.565.635	26.055.305
	Assets in total	33.911.007	26.142.007

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2019</u>	<u>2018</u>
Equity			
	Contributed capital	500.000	500.000
	Results brought forward	-4.913.087	-1.630.881
	Equity in total	-4.413.087	-1.130.881
Provisions			
7	Other provisions	297.965	297.965
	Provisions in total	297.965	297.965
Liabilities			
	Debt to group enterprises	29.923.610	21.952.955
	Other debts	281.841	0
	Long-term liabilities in total	30.205.451	21.952.955
	Prepayments received from customers	1.641.210	0
	Trade creditors	1.276.685	626.419
	Other debts	4.902.783	4.395.549
	Short-term liabilities in total	7.820.678	5.021.968
	Liabilities in total	38.026.129	26.974.923
	Equity and liabilities in total	33.911.007	26.142.007

1 Uncertainties concerning the enterprise's ability to continue as a going concern

8 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Results brought forward	In total
Equity 1 January 2018	500.000	-2.873.394	-2.373.394
Profit or loss for the year brought forward	0	1.242.513	1.242.513
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
	500.000	-4.913.087	-4.413.087

Notes

All amounts in DKK.

	2019	2018
1. Uncertainties concerning the enterprise's ability to continue as a going concern		
As a result of this year's operations, the company has lost it's equity. 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.		
	2019	2018
2. Net turnover		
Turnover External	25.550.064	27.748.328
Turnover Internal	27.702.941	3.662.715
Shipping and handling fee	119.756	0
Turnover, Denmark in total	53.372.761	31.411.043
Turnover, Norway	7.710.931	5.187.889
Turnover, Norway in total	7.710.931	5.187.889
	61.083.692	36.598.932
3. Raw materials and consumables used		
Goods purchased, External	39.463.651	19.831.200
Goods purchased, Internal	90.173	1.299.037
Consumables	187.448	41.633
Freight, tools, etc.	790.478	295.731
Other variable costs	13.021	297.965
Goods purchased, Norway	5.055.604	2.116.789
	45.600.375	23.882.355

Notes

All amounts in DKK.

	<u>2019</u>	<u>2018</u>
4. Staff costs		
Salaries and wages	12.079.089	7.997.110
Pension costs	396.130	421.892
Other costs for social security	21.397	19.314
Other staff costs	<u>44.731</u>	<u>31.979</u>
	<u>12.541.347</u>	<u>8.470.295</u>
 Average number of employees	 <u>16</u>	 <u>15</u>

Notes

All amounts in DKK.

	2019	2018
5. Other financial costs		
Financial costs, group enterprises	133.103	119.328
Other financial costs	307.597	145.916
	440.700	265.244
	31/12 2019	31/12 2018
6. Other plants, operating assets, and fixtures and furniture		
Cost 1 January 2019	16.652	0
Additions during the year	422.945	16.652
Cost 31 December 2019	439.597	16.652
Depreciation and writedown 1 January 2019	-3.700	0
Depreciation for the year	-90.525	-3.700
Depreciation and writedown 31 December 2019	-94.225	-3.700
Book value 31 December 2019	345.372	12.952
7. Other provisions		
Other provisions 1 January 2019	297.965	297.965
	297.965	297.965
0-1 year	232.046	148.983
1-2 year	65.919	148.982
	297.965	297.965

Notes

All amounts in DKK.

8. Contingencies

Contingent liabilities

Leasing liabilities

In addition to financial leasing contracts, the company has entered into operational leasing contracts with an average annual leasing payment of 31 tdkk. The leasing contracts have approx. 48 months left to run, and the total outstanding leasing payment is 900 tdkk. In addition, the company has entered into a rent agreement with a residual maturity of 27 months and a total remuneration of 756 tdkk.

Warranty commitments and other contingent liabilities

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

The company has furthermore issued guarantees for a total of 5,098 tdkk per. December 31, 2019.