Lonza Copenhagen ApS

Strandhaven 12, 2665 Vallensbæk Strand

CVR no. 21 59 58 88

Annual report 2021

Approved at the Company's annual general meeting on 10 June 2022

Chair of the meeting:

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Ralf Manfred Geier-Cibin

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Lonza Copenhagen ApS for the financial year 1 January - 31 December 2021.

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 of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Vallensbæk, 10 June 2022
Executive Board:

Henrik Larsen
Managing director

Board of Directors:

Ralf Manfred Geier-Cibin Chair	Daniel Blättler	Henrik Larsen

Independent auditor's report

To the shareholder of Lonza Copenhagen ApS

Opinion

We have audited the financial statements of Lonza Copenhagen ApS for the financial year 1 January - 31 December 2021, comprising income statement, balance sheet 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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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' 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 10 June 2022
KPMG P/S
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Christian Frris Engelbrecht
State Authorised Public Accountant
mne44180

Management's review

Company details

Name	Lonza Copenhagen ApS
Address, Postal code, City	Strandhaven 12, 2665 Vallensbæk Strand
CVR no.	21 59 58 88
Established	1 January 1999
Registered office	Vallensbæk
Financial year	1 January - 31 December
Telephone	+45 43 56 74 00
Telefax	+45 43 56 74 03
Board of Directors	Ralf Manfred Geier-Cibin, Chair Daniel Blättler Henrik Larsen
Executive Board	Henrik Larsen, Managing director
Auditors	KPMG P/S Statsautoriseret Revisionspartnerselskab Dampfærgevej 28, 2100 København Ø

Management's review

Business review

The Company's main activity is production of agarose, primarily to the life science and health care markets.

Financial review

The income statement for 2021 shows a profit of DKK 3,916,000 against a profit of DKK 2,575,371 last year, and the balance sheet at 31 December 2021 shows equity of DKK 75,422,583.

The sale of Chromatography agarose to the Health care market has increased compared to last year.

Profit before tax is higher than 2020 due to the increased sales.

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

Lonza Copenhagen acts as a manufacturing partner of Lonza Sales AG. The contractual agreement between Lonza Copenhagen and Lonza Sales AG guarantees a constant profit.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

The industrial use of agarose continues to develop and management expects that the level of activities will increase in comparison to 2021.

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

Financial statements 1 January - 31 December

Income statement

Note	DKK	2021	2020
	Gross profit	7,168,842	4,949,294
	Distribution costs	-352,903	-229,595
2	Administrative expenses	-1,606,462	-1,232,477
	Operating profit	5,209,477	3,487,222
3	Financial income	34,932	24,150
	Financial expenses	-485,358	-373,641
	Profit before tax	4,759,051	3,137,731
4	Tax for the year	-843,051	-562,360
	Profit for the year	3,916,000	2,575,371

Recommended appropriation of profit		
Proposed dividend recognised under equity	29,000,000	0
Retained earnings/accumulated loss	-25,084,000	2,575,371
	3,916,000	2,575,371

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2021	2020
	ASSETS		
	Fixed assets		
	Intangible assets		
	Software	0	5,899
		0	5,899
5	**Property, plant and equipment**		
	Plant and machinery	30,552,948	32,994,686
	Fixtures and fittings, other plant and equipment	689,387	867,347
	Leasehold improvements	401,824	471,445
	Property, plant and equipment under construction	4,299,623	59,910
		35,943,782	34,393,388
	Total fixed assets	35,943,782	34,399,287
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	9,378,663	8,745,940
	Work in progress	1,941,325	1,760,647
	Finished goods and goods for resale	3,048,421	4,830,248
		14,368,409	15,336,835
	Receivables		
	Receivables from group enterprises	42,532,921	42,924,585
	Other receivables	335,020	439,138
		42,867,941	43,363,723
	Cash	5,038,362	3,834,479
	Total non-fixed assets	62,274,712	62,535,037
	TOTAL ASSETS	98,218,494	96,934,324

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2021	2020
	EQUITY AND LIABILITIES		
	Equity		
6	Share capital	150,000	150,000
	Retained earnings	46,272,583	71,356,583
	Dividend proposed	29,000,000	0
	Total equity	75,422,583	71,506,583
	Provisions		
	Deferred tax	2,361,288	2,498,541
	Total provisions	2,361,288	2,498,541
	Liabilities other than provisions		
7	**Non-current liabilities other than provisions**		
	Lease liabilities	13,224,622	13,499,941
		13,224,622	13,499,941
	Current liabilities other than provisions		
7	Short-term part of long-term liabilities other than provisions	553,094	637,229
	Trade payables	2,801,984	746,877
	Payables to group enterprises	0	470,426
	Corporation tax payable	899,326	553,500
	Other payables	2,955,597	7,021,227
		7,210,001	9,429,259
	Total liabilities other than provisions	20,434,623	22,929,200
	TOTAL EQUITY AND LIABILITIES	98,218,494	96,934,324

1 Accounting policies
8 Collateral
9 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Dividend proposed	Total
Equity at 1 January 2020	150,000	68,781,212	0	68,931,212
Transfer through appropriation of profit	0	2,575,371	0	2,575,371
Equity at 1 January 2021	150,000	71,356,583	0	71,506,583
Transfer through appropriation of profit	0	-25,084,000	29,000,000	3,916,000
Equity at 31 December 2021	150,000	46,272,583	29,000,000	75,422,583

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Lonza Copenhagen ApS for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

In accordance with the Danish Business Authority's clarification in May 2021, financial statement items regarding equity investments in associates have been renamed to equity investments in participating interests as the financial statement items must be designated as such when the entity only holds equity investments in associates.

Basis of recognition and measurement

Income Is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally costs are recognised, including depreciations and reservals.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the value of the liability can be reliably measured. In initial recognation, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item. In recognising and measuring assets and liabilities, any gains, losses and risks occuring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

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

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

Gross profit

The items revenue, production costs and other operating income have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases and depreciation of production plant.

Distribution costs

Distribution costs include costs in the form of salaries to sales and distribution staff, advertising costs and depreciation. Furthermore, these costs include selling costs to distributors in the European market in respect of the Company's other products.

Administrative expenses

Administration costs comprise expenses incurred during the year for company management and administration, including expenses for administrative staff, office premises and depreciation etc.

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Software	5 years
Plant and machinery	10-20 years
Fixtures and fittings, other plant and equipment	3-10 years
Leasehold improvements	5-30 years

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Software

Software are measured at cost less accumulated deprecitiation and impairment.
The basis of depreciation is calculated as cost less any residual value at the expiry of the expected useful life of the asset.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Property, plant and equipment

Leasehold, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated deprecitiatlon and impairment.

The basis of depreciation is calculated as cost less any residual value at the expiry of the expected useful life of the asset.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

The Company has chosen IFRS16 as interpretation for classification and recognition of leases.

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

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

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

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

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

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

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

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

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

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

Provision is made for anticipated losses.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes and deferred taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised as the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Financial statements 1 January - 31 December

Notes to the financial statements

	DKK	2021	2020
2	**Staff costs**		
	Wages/salaries	12,375,554	12,339,502
	Pensions	972,602	947,110
	Other staff costs	2,513,413	2,313,531
		15,861,569	15,600,143
	Average number of full-time employees	17	16
3	**Financial income**		
	Interest receivable, group entities	22,046	23,053
	Other financial income	12,886	1,097
		34,932	24,150
4	**Tax for the year**		
	Estimated tax charge for the year	1,019,326	643,500
	Deferred tax adjustments in the year	-137,253	46,823
	Tax adjustments, prior years	-39,022	-127,963
		843,051	562,360

Financial statements 1 January - 31 December

Notes to the financial statements

5 Property, plant and equipment

DKK	Plant and machinery	Fixtures and fittings, other plant and equipment	Leasehold improvements	Property, plant and equipment under construction	Total
Cost at 1 January 2021	45,312,605	1,601,741	1,202,498	59,910	48,176,754
Additions	715,474	67,440	0	4,299,623	5,082,537
Disposals	-562,964	-15,806	0	0	-578,770
Transferred	59,910	0	0	-59,910	0
Cost at 31 December 2021	45,525,025	1,653,375	1,202,498	4,299,623	52,680,521
Impairment losses and depreciation at 1 January 2021	12,317,919	734,394	731,053	0	13,783,366
Depreciation	3,044,681	245,400	69,621	0	3,359,702
Reversal of accumulated depreciation and impairment of assets disposed	-390,523	-15,806	0	0	-406,329
Impairment losses and depreciation at 31 December 2021	14,972,077	963,988	800,674	0	16,736,739
Carrying amount at 31 December 2021	30,552,948	689,387	401,824	4,299,623	35,943,782
Property, plant and equipment include finance leases with a carrying amount totalling	12,835,182	23,484	0	0	12,858,666

6 Share capital

The Company's share capital has remained unchanged in the previous 5 years.

7 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 13.086.428 falls due for payment after more than 5 years after the balance sheet date.

8 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2021.

9 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Lonza AG	Switzerland	Lonzasrasse 2, 3930 Visp, Switzerland