Sophion Bioscience A/S

Baltorpvej 154

2750 Ballerup

CVR no. 10021065

Annual report 2020

1st January – 31st December 2020

The Annual Report was presented to and approved at the company's Annual General Meeting of shareholders on 19th February 2021

____

Thais Taaning Johansen

Chairman

Content

Company information

Company

Sophion Bioscience A/S
Baltorpvej 154
2750 Ballerup

CVR-no.:	10 02 10 65
Financial year:	1st January 2020 – 31st December 2020

Board of Directors

Gustaf Peter von Ehrenheim, chairman
Thais Taaning Johansen
Peter Max
Harald Høegh
Eirik Lauglo

Executive Board

Thais Taaning Johansen

Auditor

Dansk Revision Slagelse
Godkendt Revisionsaktieselskab
Ndr. Ringgade 74
4200 Slagelse

Management's report

Today the Board of Directors and the Executive Board have discussed and approved the Annual Report for the financial year 1st January 2020 – 31st December 2020 for Sophion Bioscience A/S.

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

In our opinion, the financial statements provide a true and fair view of the Company's assets, liabilities and financial position at 31st December 2020 and of the Company's operations for the financial year 1st January 2020 – 31st December 2020.

We believe that the Management's review provides a true and fair view of the activities that the review describes.

The Annual Report is recommended for approval at the annual general meeting.

Ballerup, 19th February 2021

Executive Board:

Thais Taaning Johansen

Board of Directors:

Gustaf Peter von Ehrenheim Chairman	Thais Taaning Johansen	Peter Max
Harald Høegh	Eirik Lauglo	

Independent auditors report on the annual report

To the shareholder of Sophion Bioscience A/S

Opinion

We have audited the financial statements of Sophion Bioscience A/S for the financial year 1st January 2020 – 31st December 2020, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies. The Financial Statements are prepared under the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31st December 2020, and of the results of the Company operations for the financial year 1st January 2020 – 31st 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 auditors report on the annual report

As part of an audit conducted in accordance with ISAs 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 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.

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

Independent auditors report on the annual report

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not identify any material misstatement of Management's Review.

Slagelse, 19th February 2021
Dansk Revision Slagelse
Godkendt revisionsaktieselskab, CVR-no. 29919801

Kim Thomas Nielsen
State authorized public accountant
mne28660

Management's review

Core activities

The company's primary activities consist of development, production, and sale of solutions to streamline the research and in vitro safety phases of drug discovery in the pharmaceutical industry.
The company's activities are based on the patch clamp technique, where the impact of new drug candidates on the ion flow through membrane proteins (ion channels) of living cells can be measured. These Patch Clamp measurements can be performed automated and in parallel, thus enabling more than 1,000 times higher screening rate compared with the conventional manual patch clamp method. The company's resources are mainly used on commercialisation of these novel high throughput screening systems, as well as the consumables needed to perform accurate and reliable measurements. Also, the Company offers technical and scientific services in relation to the screening systems.

Development in the year

Like other companies Sophion Bioscience A/S had a very turbulent year due to the global pandemic. However, thru an active management and precaution the Company maintained its momentum and secured yet a profitable year.

The Company continued to sell its full suite of products for single cell analysis to the biotech and pharmaceutical industry.

The year's profit reached 25,217 TDKK compared to last year of 22,627 TDKK.

Outlook

Despite the overwhelming uncertainty due to the global pandemic, Sophion Bioscience A/S expects to continue its growth in its core marked during 2021. Further, the Company anticipate continuing to strengthen its global S&M and R&D activities. Hence, the financial performance will continue its growth.

Risk profile and -management

The company and the Group emphasize minimizing the risk of events that may have unexpectedly negative operating and earnings impact, through a normal insurance coverage. Business risks, such as technological development, are ensured by continuous design and product development and thus updating the product portfolio. In addition, significant changes in exchange rates may affect earnings, as the company and the group are sensitive to changes in the USD exchange rate.

Impact on the external environment

The company and the Group place emphasis on managing the company in a sustainable and environmentally sound manner. The environmental impact of the Group's production and sales are not expected to affect the environment in an inappropriate manner compared to similar companies in the same industry.

Research and development activities

Sophion Bioscience A/S continues to invest in research and development (R&D). These activities will accelerate the development of new products.

Management's review

Group and associated companies abroad

Sophion Bioscience have two foreign subsidiaries; Sophion Bioscience Inc., in U.S.A. and Sophion Bioscience KK in Japan. Both subsidiaries primarily function is to act as the company's sales offices in the region. In China, Sophion is represented by a sales office.

Events after the end of the financial year

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

Results compared to previous expectations

The result for 2020 is in line with the expectations set out in the annual report 2019.

Financial highlights

	2020	2019	2018	2017	2016
	DKK '000	**DKK '000**	**DKK '000**	**DKK '000**	**DKK '000**
Income statement					
Operating profit/loss	31,537	28,907	22,219	9,571	-9,647
Profit/loss from financial income and expenses	583	5	12,427	1,307	2,032
Profit/loss for the year	25,217	22,627	40,269	17,344	-17,250
Balance Sheet					
Investments in property, plant and equipment	2,209	354	170	5,320	888
Total assets	140,116	139,308	122,401	126,932	131,335
Equity	106,465	101,149	98,251	101,267	107,165
Key figures, %					
Return on invested capital	22.6%	22.1%	17.8%	7.4%	-7.5%
Operating profit/ loss in percent of total average assets					
Solvency ratio	76.2%	77.3%	78.8%	79.8%	79.1%
Equity end year in percent of total average assets					
Return on equity	24.3%	22.7%	40.4%	16.6%	-14.9%
Profit loss for the year in percent of average equity					

Note	Income statement	2020 DKK '000	2019 DKK '000
	1st January – 31 December		
1	**Gross profit**	**77,484**	**78,367**
1	Research and development costs	-17,593	-17,815
1	Distribution costs	-12,240	-14,105
1	Administrative costs	-16,114	-17,540
	Operating profit	**31,537**	**28,907**
	Income from investments in subsidiaries	-134	25
2	Financial income	1,000	753
	Financial expenses	-417	-748
	Profit before taxes	**31,986**	**28,937**
3	Taxes for the year	-6,769	-6,310
	Profit for the year	**25,217**	**22,627**

Note	Balance sheet	2020 DKK '000	2019 DKK '000
	Assets at 31st December 2020		
4	Development projects	41,157	44,603
5	Intellectual property rights	584	510
6	Other intangible assets	821	1,334
7	Development projects in progress	5,604	5,186
	Intangible fixed assets	**48,166**	**51,633**
8	Plant and machinery	0	16
9	Other fixtures and fittings, tools and equipment	2,794	1,576
	Tangible fixed assets	**2,794**	**1,592**
10	Equity investments in subsidiaries	0	0
11	Deposits	629	632
	Financial fixed assets	**629**	**632**
	Total fixed assets	**51,589**	**53,857**
	Raw materials and consumables	12,944	8,849
	Work in progress	4,629	1,644
	Manufactured goods	13,160	15,576
	Prepayment for goods	423	0
	Inventories	**31,156**	**26,069**
	Trade receivables	6,818	19,853
	Receivables from group companies	15,692	22,691
12	Deferred tax assets	8,433	12,713
	Other receivables	1,440	1,541
13	Prepayments	987	1,119
	Receivables	**33,370**	**57,917**
	Cash at hand and in bank	24,001	1,465
	Total current assets	**88,527**	**85,451**
	Total assets	**140,116**	**139,308**

Note	Balance sheet	2020 DKK '000	2019 DKK '000
	Liabilities and equity at 31st December 2020		
14	Share capital	50,000	50,000
	Reserve for development costs	17,445	15,074
	Reserve for exchange rate adjustments	-955	0
	Retained earnings	39,975	15,075
	Proposed dividend	0	21,000
	Total equity	**106,465**	**101,149**
15	Other provisions	480	576
	Total provisions	**480**	**576**
	Other long-term liabilities	520	784
16	**Long-term liabilities**	**520**	**784**
	Credit institutions	0	17,218
	Prepayments received from customers	6,044	3,121
	Trade payables	12,747	6,709
	Tax payable to group companies	2,125	2,023
	Other debt	11,735	7,728
	Short-term liabilities	**32,651**	**36,799**
	Total provisions and liabilities	**33,651**	**38,159**
	Total equity and liabilities	**140,116**	**139,308**

17	Contingent liabilities
18	Contractual liabilities
19	Mortgages and securities
20	Related parties and ownership

Equity	2020 DKK '000	2019 DKK '000
Equity 1st January – 31st December		
Share capital 1st January	50,000	50,000
Share capital 31st December	**50,000**	**50,000**
Reserve for development costs 1st January	15,074	11,588
Transfer to the reserve for the year	2,371	3,486
Reserve for development costs 31st December	**17,445**	**15,074**
Reserve for exchange rate adjustments costs 1st January	0	0
Transfer to the reserve for the year	-955	0
Reserve for exchange rate adjustments costs 31st December	**-955**	**0**
Retained earnings 1st January	15,075	16,663
Currency rate adjustments, foreign equity investments	0	271
Profit for the year	22,846	-1,859
Other equity transfers	2,054	0
Retained earnings 31st December	**39,975**	**15,075**
Proposed dividend 1st January	21,000	20,000
Dividends paid	-21,000	-20,000
Proposed dividend for the year	0	21,000
Proposed dividend 31st December	**0**	**21,000**
Equity total	**106,465**	**101,149**

Recommended appropriation of the profit for the year:		
Distributed to reserve for development costs	2,371	3,486
Proposed dividend	0	21,000
Retained earnings	22,846	-1,859
Appropriation in total	**25,217**	**22,627**

Notes		2020 DKK '000	2019 DKK '000
1	**Staff costs**		
	Wages and salaries	25,877	26,072
	Pensions	2,936	2,972
	Other social security costs	488	575
	Other staff costs	602	668
		29,903	30,287
	Capitalized staff costs	-5,788	-5,760
	Total staff costs	**24,115**	**24,527**
	Staff costs are recognised as follows		
	Production costs	3,401	3,743
	Development costs	6,623	7,104
	Distribution costs	7,080	7,554
	Administrative expenses	7,011	6,126
		24,115	**24,527**
	Average number of employees	35	38
	Remuneration to management	1,960	2,870
2	**Financial income**		
	Interests, group companies	745	687
	Other financial income	255	66
	Total financial income	**1,000**	**753**
3	**Taxes for the year**		
	Taxes for the year	2,432	2,060
	Changes deferred taxes	4,281	4,455
	Adjustments of previous years tax	56	-205
	Total taxes for the year	**6,769**	**6,310**

Notes		2020 DKK '000	2019 DKK '000
4	**Development projects**		
	Cost 1st January	77,230	64,612
	Transferred from development projects in progress	5,466	12,618
	Cost 31st December	82,696	77,230
	Depreciations 1st January	-32,627	-24,704
	Depreciations for the year	-8,912	-7,923
	Depreciations 31st December	-41,539	-32,627
	Total development projects	**41,157**	**44,603**

Development projects relate to the development of the company's two main products Qube and Qpatch. The projects are marketed and make a significant contribution to the company's revenue.

		2020	2019
5	**Intellectual property rights**		
	Cost 1st January	17,672	17,453
	Additions for the year	137	219
	Cost 31st December	17,809	17,672
	Depreciations 1st January	-17,162	-16,943
	Depreciations for the year	-63	-219
	Depreciations 31st December	-17,225	-17,162
	Total intellectual property rights	**584**	**510**

Notes		2020 DKK ‘000	2019 DKK ‘000
6	**Other intangible assets**		
	Cost 1st January	2.567	2,567
	Additions for the year	0	0
	Cost 31st December	2,567	2,567
	Depreciations 1st January	-1,233	-719
	Depreciations for the year	-513	-514
	Depreciations 31st December	-1,746	-1,233
	Total other intangible assets	**821**	**1,334**
7	**Development projects in progress**		
	Cost 1st January	5,186	11,456
	Additions for the year	5,884	6,348
	Transferred to development projects	-5,466	-12,618
	Cost 31st December	5,604	5,186
	Total development projects in progress	**5,604**	**5,186**

The development projects relate to the development of additional functionalities on the company's two main products Qube and Qpatch as well as new products. The projects are expected to be completed in 2021. The projects will proceed as planned using the resources, that the management has allocated to the development. It is expected that the products will be sold to current as well as new customer segments.

Notes		2020 DKK '000	2019 DKK '000
8	**Plant and machinery**		
	Cost 1st January	6,805	8,287
	Disposals for the year	0	-1,482
	Cost 31st December	6,805	6,805
	Depreciations 1st January	-6,789	-7,739
	Depreciations for the year	-16	-532
	Depreciations on disposals	0	1,482
	Depreciations 31st December	-6,805	-6,789
	Total plant and Machinery	**0**	**16**
9	**Other fixtures and fittings, tools and equipment**		
	Cost 1st January	6,873	8,248
	Additions for the year	2,209	354
	Disposals for the year	0	-1,729
	Cost 31st December	9,082	6,873
	Depreciations 1st January	-5,297	-5,326
	Depreciations for the year	-991	-916
	Depreciations on disposals	0	945
	Depreciations 31st December	-6,288	-5,297
	Total other fixtures and fittings, tools and equipment	**2,794**	**1,576**

Notes		2020 DKK '000	2019 DKK '000
10	**Equity investments in subsidiaries**		
	Cost 1st January	82	82
	Cost 31st December	82	82
	Value adjustments 1st January	-82	-82
	Profit or loss for the year	-134	25
	Currency rate adjustments	22	-15
	Other Value adjustments	112	-10
	Value adjustments 31st December	-82	-82
	Equity investments in subsidiaries total	**0**	**0**

Name	**Place**	**Ownership**
Sophion Inc.	USA	100%
Sophion K.K.	Japan	100%

		2020 DKK '000	2019 DKK '000
11	**Deposits**		
	Cost 1st January	632	619
	Additions for the year	0	13
	Disposals for the year	-3	0
	Cost 31st December	629	632
	Total Deposits	**629**	**632**
12	**Deferred tax asset**		
	Deferred tax asset 1st January	12,713	17,168
	Recognized in this years profit	-4,280	-4,455
	Deferred tax asset 31st December	**8,433**	**12,713**

Recognized deferred tax assets primarily relate to tax losses from previous years to carry forward of 84 million DKK. The tax losses can be carried forward without a time limit and the management has chosen to fully recognize the tax losses, as they are expected to be used within the next 3-5 years. The recognition is based on the positive results realized in the years 2017-2020 and the management's expectations for the coming years' results. The company is thus expected to continue to make a tax profit, and is therefore expected to use the tax losses to carry forward.

Notes		2020 DKK '000	2019 DKK '000
13	**Prepayments**		
	Insurances	89	29
	Rent	436	439
	Licenses, patents and subscriptions	387	576
	Leasing	75	75
	Total prepayments	**987**	**1,119**

		2020	2019
14	**Share capital**		
	A shares 6.282.623 shares of nom. DKK 1 each	6,283	6,283
	B share, 43.717.377 shares of nom. DKK 1 each	43,717	43,717
	Total share capital	**50,000**	**50,000**

Share capital was in 2017 reduced with 85,444,000 B shares. The value hereof were transferred to retained earnings.

		2020	2019
15	**Other provisions**		
	Other provisions 1st January	576	387
	Regulated during the year	-96	189
	Other provisions 31st December	**480**	**576**

		2020	2019
16	**Long-term liabilities**		
	Part of liabilities due after 5 years	0	0

17 **Contingent liabilities**

The company is jointly and severally liable with the parent company Sapphire Bioscience Holding ApS and the managing company TTJ Invest Holding ApS for Danish corporation tax and withholding taxes on dividends and royalties within the joint taxation. Corporation tax and withholding taxes within the joint taxation circle are disclosed in the managing company's annual accounts.

Notes	2020 DKK '000	2019 DKK '000

18 Contractual liabilities

The company has signed rent agreement with 6 months' notice. The liability of the notice period is 805 TDKK.

19 Mortgages and securities

A mortgage of DKK 5.5 million have been registered as security for the company's commitment to bank affiliation. The mortgage includes simple receivables arising from the sale of goods and services, operating equipment, inventories and goodwill, domain names and rights in according to the Patent Act. The carrying amount of the assets amounts to TDKK 41,352.

20 Related parties and ownership

The following shareholders are recorded in the company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:
Sapphire Bioscience Holding ApS, Ballerup, ownership 100%

Ultimate principal shareholder TTJ Invest Holding ApS, Vedbæk, CVR-no. 38599305 prepares consolidated accounts wherein this company is a subsidiary.

All related transactions are on market conditions, so the company and the group do not disclose these with reference to section 98c, act 7 of the Danish Financial Statements Act.

Accounting principles

General

The Annual Report has been prepared in accordance with the provisions of the Danish Financial Statements Act as regards reporting class C-medium enterprises.

The financial statements have been prepared in accordance with the same accounting policies as last year.

Consolidated

According to section 112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The annual accounts of Sophion Bioscience A/S and subsidiaries are included in the consolidated financial statements of TTJ Invest Holding ApS.

General about recognition and valuation

Assets are included in the balance sheet where it is likely that future financial benefits will accrue to the company and where the asset's value can be reliably valued.

Liabilities are included in the balance sheet where it is likely that future financial resources will be deducted from the company and where the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are valued at cost. Assets and liabilities are subsequently valued as described for each individual item below.

Certain financial assets and liabilities are measured at amortised cost where a constant effective interest is recognised over the maturity period. Amortised cost is stated as original cost less any principal payments plus or minus the cumulative amortisation of any difference between cost and nominal amount.

When recognising and valuing, consideration is given to foreseeable losses and risks that occur prior to submission of the Annual Report and that serve to confirm or refute conditions existing on the balance sheet date.

Income is recognised in the income statement as earned, including recognition of value adjustments of financial assets and liabilities measured at fair value or amortised cost. Costs incurred to achieve the earnings for the year are also recognised, including amortisation, and write-downs and provisions, as well as reversals resulting from changes to accounting estimates that were previously recognised in the income statement.

Translation of foreign currency

Transactions denominated in foreign currencies are translated during the course of the year at the exchange rates at the date of the transaction. Receivables, payables and other items denominated in foreign currency not settled on the balance sheet date are translated at the exchange rates at the balance sheet date.

Foreign subsidiaries are considered to be independent entities. Income statements are translated at an average exchange rate and the balance sheet items are translated at the balance sheet date exchange rates. Exchange differences arising from the translation of foreign subsidiaries' equity at the beginning of the year at the exchange rates at the balance sheet date and on translation of income statements from through-exchange rates at the exchange rates at the balance sheet date are recognized directly in equity.

Accounting principles

Exchange rate adjustments of balances with independent foreign subsidiaries, which are considered to be part of the total investment in subsidiaries, are recognized directly in equity.

Realised and unrealised exchange gains and losses are recognised in the income statement as financial income or expenses.

No financial instruments are used to hedge the value in Danish kroner of balance sheet items in foreign currency or future transactions in foreign currency.

Business acquisition

When acquiring new companies in which the Group obtains controlling influence over the acquired enterprise, the acquirer’s identifiable assets, liabilities and contingent liabilities are measured at fair value at acquisition date. The acquisition date is the time when the control of the company is actually taken over. If the cost of the acquired identifiable net assets exceeds the fair value of the net assets and the value of minority interests in the acquire, the excess amounts are recognized as goodwill in financial assets. If the fair value of the acquired identifiable net assets exceeds the cost of the net assets, the amount is recognized in the income statement at the acquisition date.

The cost of an enterprise consists of the fair value of the consideration paid, including acquisition costs for the acquired enterprise. Profit from subsidiaries acquired during the year is included in the parents income statement from the acquisition date.

Income statement

Revenue

Revenue is recognised in the income statement where delivery took place and the risk passed to the buyer prior to the end of the financial year. Revenue is recognised exclusive of VAT and after deduction of discounts given in connection with the sale.

Gross profit

Revenue less cost of sales are included in the income statement as ”Gross profit ".

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year.

Development costs

Development costs include costs for improving and developing the company's product portfolio, which does not meet the criteria for development projects.

Distribution costs

Distribution costs comprise costs in the form of advertising, marketing and travel expenses as well as operation of motor vehicles.

Accounting principles

Administrative costs
Administrative costs comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Income from investments in subsidiaries
Income from associates is recognized in the income statement with the relative share of the company's profit after adjusting internal profit or loss.

Financial income and expenses
Net financials include interest income and expenses, financial expenses related to financial leasing, realised and unrealised exchange gains and losses relating to debt and transactions denominated in foreign currency, and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit for the year
The portion of the tax for the year, consisting of the current tax for the year and the change in deferred tax for the year, which can be attributed to the profit for the year is included in the income statement, and the portion that can be attributed to transactions taken to equity is included directly in equity.

The company is subject to the Danish rules on compulsory joint taxation of the parent company and the Danish subsidiaries.

The current Danish corporation tax is distributed by settling joint taxation contributions between the jointly taxed companies in proportion to their taxable income. In connection with this, companies with tax losses receive joint taxation contributions from companies that have been able to apply this deficit (full distribution).

Balance sheet

Intangible fixed assets
Intangible fixed assets are measured at cost less accumulated depreciation. Depreciation is distributed on a straight-line basis over the expected useful lives with a scrap value of 0%.

Expected useful lives include:

Development projects	10 years
Patents, licenses and similar rights	5-10 years
Other intangible fixed assets	10 years

Development projects include costs, including salaries and salaries, as well as depreciation, which are directly or indirectly attributable to the company's development activities and which meet the criteria for recognition. Development costs are measured at cost price. Capitalized development costs are amortized on a straight-line basis after completion of development work over the useful life.

Development projects relating to products and processes that are clearly defined and identified where the technical utilization rate, sufficient resources and potential future market or development opportunity in the

Accounting principles

company can be identified and where it intends to produce, market or use the product or process in question, recognized as intangible assets. Other development costs are recognized as expenses in the income statement when costs are incurred.

Indirect production costs in the form of indivisible attributable personnel costs and depreciation of intangible assets and property, plant and equipment used in the development process are recognized in the cost price based on the time consumed for each project.

Depreciation related to development costs is based on the expected useful lives and the contractually agreed entitlement periods.

Development costs that do not meet the criteria for recognition in the balance sheet are recognized in the income statement.

An amount corresponding to the recognized development costs is linked to a special reserve under equity called "Reserve for development costs". The reserve can not be used for dividends or coverage of losses. If the recognized development costs are sold or at another meeting, due to the operation of the company, the reserve is dissolved or reduced. This is done by transferring the reserve for development costs to the equity reserves. If the recognized development costs are written down, part of the development cost reserve must be reversed. The part to be reversed corresponds to the write-down of development costs. If a write-down of development costs is subsequently reversed, the reserve for development costs must be restored. The reserve for development costs must also be reduced using depreciation. In this way, the equity reserve will correspond to the amount recognized in the balance sheet as development costs.

Profit or loss on disposal of intangible assets is calculated as the difference between the selling price less selling expenses and the carrying amount at the date of sale. Profits or losses are recognized in the income statement under other operating income or other operating expenses.

Plant and equipment
Plant and equipment is measured at cost less accumulated depreciation. Depreciation is applied using the straight-line method, based on an assessment of the expected useful life and residual value of the individual asset.

The basis for depreciation is cost less expected residual value when the asset ceases to be used. The cost includes the acquisition cost plus costs directly associated with the acquisition up to the time when the asset is ready to be taken into use.

The amortization period and the residual value are determined at the acquisition date and are reviewed annually. If the residual value exceeds the carrying amount of the asset, depreciation will cease. Changes in the amortization period or residual value include the effect of depreciation forward-looking as a change in accounting estimates.

Accounting principles

Expected usage time is calculated as follows with a scrap value of 0%:

Plant and machinery	5-12 years
Other fixtures and fittings, tools and equipment	5 years

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

Tangible fixed assets leased and meeting the terms of financial leasing are treated according to the same guidelines as owned assets.

Write-down on fixed assets
The balance sheet value of fixed assets is assessed annually for any indications of impairment, in addition to those expressed as depreciation.

If there are any indications of impairment, an impairment test is carried out for each individual asset or group of assets. Where an asset's recoverable value is lower than the carrying amount, the asset is written down to the recoverable value.

The recoverable value is the higher of the net selling price and the value in use. The value in use is calculated as the current value of the estimated net income from the use of the asset or group of assets

Financial assets
Investments in affiliated companies are recognized using the equity method. Share of profit for the year is recognized in the income statement. In the balance sheet, the proportionate share of the book value is calculated in accordance with the parent company's accounting policies, adjusted for unrealized intra-group gains or losses.

Affiliated companies with negative net asset value are recognized at DKK 0 and an equivalent receivable from these companies is written down with the parent company's share of the negative net asset value to the extent that the receivable is deemed to be irreconcilable. If the negative net asset value exceeds receivables, the remaining part of the negative asset value is recognized under provisions to the extent that the parent company has a legal or actual obligation to cover the underlying balance of these companies.

Deposits are valued at acquisition cost.

Inventories
Inventories are measured at cost based on the FIFO method, or at realisable value, whichever is the lower. Any write-downs to net realisable value are recognized in the income statement.

The net realisable value of inventories is calculated as the selling price less completion costs and costs incurred to execute sale, and is fixed with due consideration to marketability, obsolescence and movements in expected

Accounting principles

selling prices.

The cost of goods for resale as well as raw materials and consumables comprises the acquisition cost plus any attributable delivery costs.

The cost of manufactured goods and manufactured goods includes cost of raw materials, consumables, direct pay and direct production costs. Indirect production costs include indirect materials and wages as well as maintenance and depreciation of the machinery, plant and equipment used in the production process, factory administration and management costs and capitalized development costs relating to the products.

Receivables
Receivables are measured at amortised cost, which usually corresponds to nominal value. The value is reduced by write-downs for bad debts based on an individual assessment of each receivable.

Prepayments
Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

Cash at hand and in bank
Includes deposits on bank accounts.

Dividend
Dividend, the management proposes paid for the year, is shown as a separate item under equity. Proposed dividend is recognized as a liability at the time of adoption at the general meeting.

Liabilities
Liabilities are measured at amortized cost equal to the nominal value.

Tax payable and deferred tax
Current tax payables and receivables are recognised in the balance sheet as the estimated tax charge in respect of the taxable income for the year, adjusted for tax on prior years' taxable income and tax paid in advance.

Provisions for deferred tax are calculated based on the balance sheet liability method of all temporary differences between the carrying amount and tax values of assets and liabilities. Deferred tax is measured based on the tax rules and tax rates that, according to the legislation in place on the balance sheet date, will apply when the deferred tax is expected to be converted to current tax. Any changes in deferred tax because of amendments to tax rates are recognised in the income statement.

Accounting principles

Deferred tax assets, including the tax value of tax loss carry forwards, are measured at the value at which the asset is expected to be realized either by settlement in tax of future positive taxable income or by offsetting in deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realizable value.

Cash flow statement

With reference to section 86, act 4 of the Danish Financial Statements act, the company has chosen not to prepare cash flow statement, as it is included in the consolidated cash flow statement, which has been prepared in the annual report of TTJ Invest Holding ApS.

Underskrifterne i dette dokument er juridisk bindende. Dokumentet er underskrevet via Penneo™ sikker digital underskrift. Underskrivernes identiteter er blevet registereret, og informationerne er listet herunder.

"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Peter Max
Bestyrelsesmedlem
Serienummer: PID:9208-2002-2-853456379186
IP: 188.177.xxx.xxx
2021-02-19 10:16:53Z
NEM ID

Thais Taaning Johansen
Direktør
Serienummer: PID:9208-2002-2-394370480308
IP: 109.70.xxx.xxx
2021-02-19 11:16:18Z
NEM ID

Thais Taaning Johansen
Bestyrelsesmedlem
Serienummer: PID:9208-2002-2-394370480308
IP: 109.70.xxx.xxx
2021-02-19 11:16:18Z
NEM ID

PETER VON EHRENHEIM
Bestyrelsesformand
Serienummer: 19550316xxxx
IP: 90.235.xxx.xxx
2021-02-19 12:08:08Z
BankID

Eirik Gullteig Lauglo
Bestyrelsesmedlem
Serienummer: 9578-5994-4-546696
IP: 92.220.xxx.xxx
2021-02-19 12:34:44Z
bank ID

Harald Høegh
Bestyrelsesmedlem
Serienummer: 9578-5998-4-903037
IP: 51.175.xxx.xxx
2021-02-19 16:47:44Z
bank ID

Kim Thomas Nielsen
Statsautoriseret revisor
Serienummer: CVR:29919801-RID:27160951
IP: 165.225.xxx.xxx
2021-02-19 16:57:37Z
NEM ID

Thais Taaning Johansen
Dirigent
Serienummer: PID:9208-2002-2-394370480308
IP: 87.60.xxx.xxx
2021-02-20 10:09:50Z
NEM ID