KLIFO A/S

Smedeland 36, 2600 Glostrup

CVR no. 18 19 61 31

Annual Report 2023

Approved at the Company's annual general meeting on 25 April 2024

Chairman:

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Nels Peder Nielsen
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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 KLIFO A/S for the financial year 1 January - 31 December 2023.

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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

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.

Glostrup, 25 April 2024

Executive Board:

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Rasmus Nelund	René Pedersen

Board of Directors:

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Niels Peder Nielsen Chairman	Alejandra Mørk	Mette Kirstine Agger
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Rafael Natanek	Redmar Koene	

Independent auditor's report

To the shareholders of KLIFO A/S

Opinion

We have audited the financial statements of KLIFO A/S for the financial year 1 January – 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 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 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 the financial statements.

Independent auditor's report

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

* Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

* Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

* Evaluate the overall presentation, structure and contents of the financial statements, including the note 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.

Independent auditor's report

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, 25 April 2024

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

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State Authorised Public Accountant
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Management's review

Company details

Name	KLIFO A/S
Address, Postal code, City	Smedeland 36, 2600 Glostrup
CVR no.	18 19 31 61
Established	15 November 1994
Registered office	Albertslund
Financial year	1 January - 31 December
Board of Directors	Niels Peder Nielsen, Chairman Alejandra Mørk Mette Kirstine Agger Rafael Natanek Redmar Koene
Executive Board	Rasmus Nelund René Pedersen
Auditors	EY Godkendt Revisionspartnerselskab

Management's review

Business review

KLIFO Group is a drug development consultancy with significant experience in partnering with biotech and pharmaceutical companies to advance their drug development projects. KLIFO offers cross functional consulting and operational solutions spanning all areas of strategic advises, regulatory affairs, CMC development, clinical research, pharmacovigilance, clinical trial supply and quality assurance.

Over the past decade, KLIFO has grown to become an established and integrated drug development consultancy providing end to end expert capabilities, enabling our partners to maximize opportunity, mitigate risks, drive innovation and achieve efficient project advancement.

In 2023, the biotech market, particularly in the Nordics, faced significant challenges exacerbated by a constrained funding environment post-COVID, coupled with heightened interest and market volatility. These factors notably affected KLIFO during the first half of 2023, resulting in a decline in activity level compared to 2022. To adapt to the new market situation, KLIFO made organizational adjustments throughout 2023. Looking forward, KLIFO is witnessing a rise in activity levels and order book, projecting a return to business growth in 2024.

Environment

The company does not conduct any operations subject to permit or reporting requirements under the Environmental Code.

Financial review

The Gross Margin decreased from k.DKK 132.185 in 2022 to k.DKK 104.647 in 2023 corresponding to a decrease of 21% impacted by the market challenges especially seen in the Nordics. As a result, business operations in Denmark generated a loss in 2023 of k.DKK 5.553 which is a decrease of k.DKK 19.569 from the profit of k.DKK 14.016 in 2022.

On the other hand, result from investments in group enterprises shows a profit of k.DKK 9.881 versus a loss in 2022 of k.DKK 9.650 driven by a strong order book, the turnaround activities performed in 2022 as well as implementation of a new transfer pricing set-up with effect from 2022.

Profit in 2023 is k.DKK 5.896 compared to a profit of k.DKK 832 in 2022 and within the expectations stated in the annual report for 2022.

The balance sheet as of 31 December 2023 shows equity of k.DKK 33.661 that in addition to the profit for the year include a capital contribution of k.DKK 12.500.

Outlook

Expectations for 2024 is a profit between k.DKK 10.000 to k.DKK 14.000.

Management's review

Financial highligst k.DKK	2023	2022	2021	2020	2019
Key figures:					
Gross margin	104.647	132.185	121.967	107.430	81.067
Profit before net financials	-5.553	14.016	18.056	16.846	2.465
Financial items	10.201	-10.263	-11.417	-4.781	-2.216
Profit	5.896	832	2.838	8.445	-263
Total assets	92.596	92.889	143.258	68.823	48.260
Tangible assets	6.525	5.392	6.444	6.515	3.917
Investments in tangible assets	2.883	679	2.069	3.488	2.197
Equity	33.661	15.303	21.918	23.380	14.935
Average number of full time employees	132	143	126	108	97
Financial ratios:					
Return on assets	6%	1%	2%	12%	-1%
Solvency ratio	36%	16%	15%	34%	31%
Return on equity	24%	4%	13%	44%	-2%

Financial ratios are calculated in accordance with the Danish Finance Societys' guidelines on the calculation of financial ratios. The financial ratios have been calculated as follows:

Return on Assets $$\frac{\text{Profit x 100}}{\text{Total Assets}}$$

Solvency ratio $$\frac{\text{Equity x 100}}{\text{Total Assets}}$$

Return on Equity $$\frac{\text{Profit x 100}}{\text{Average Equity}}$$

Events after the balance sheet date

No material events affecting the financial statements for 2023 have occured after 31 December 2023.

Financial statements 1 January - 31 December

Income statement

k.DKK

Note		2023	2022
	Gross margin	104.647	132.185
2	Staff costs	-107.528	-115.620
3	Depreciation and amortization	-2.672	-2.549
	Profit before net financials	-5.553	14.016
4	Result from investments in group enterprises	9.881	-9.650
5	Financial income	1.099	607
6	Financial expenses	-779	-1.220
	Profit before tax	4.648	3.753
7	Tax for the year	1.248	-2.921
	Profit for the year	5.896	832
	Proposed distribution of the result for the year		
	Reserve for development expenditures	1.292	254
	Retained earnings	4.604	578
	TOTAL	5.896	832

Financial statements 1 January - 31 December

Balance sheet

k.DKK

Note		2023	2022
	ASSETS		
	Non-current assets		
	Intangible assets		
3	Development projects	6.797	2.897
	Total intangible assets	6.797	2.897
	Tangible assets		
3	Fixtures and fittings, other plant and equipment	1.726	1.350
3	Leasehold improvements	4.799	4.042
	Total tangible assets	6.525	5.392
	Financial assets		
3	Deposits, investments	2.284	2.072
4	Investments in group enterprises	1.903	1.500
	Total financial assets	4.187	3.572
	Total non-current assets	17.509	11.861
	Current assets		
	Trade receivables	35.328	35.751
	Work in progress	3.844	3.613
	Receivables from group enterprises	13.093	5.925
7	Deferred tax asset	466	0
	Other receivables	1.458	5.231
	Prepayments	1.542	1.736
	Total receivables	55.731	52.256
	Cash	19.357	28.772
	Total current assets	75.088	81.028
	TOTAL ASSETS	92.596	92.889

Financial statements 1 January - 31 December

Balance sheet

k.DKK

Note		2023	2022
	EQUITY AND LIABILITIES		
	Equity		
8	Share capital	625	625
3	Reserve for development expenditures	4.189	2.897
	Retained earnings	28.847	11.781
	Total equity	33.661	15.303
	Liabilities		
	Non-current liabilities		
9	Other payables	6.181	6.175
	Deferred tax	0	782
	Total non-current liabilities	6.181	6.957
	Current liabilities		
	Prepayments on work in progress	6.439	24.323
	Trade payables	24.926	32.357
	Payables to group enterprises	7.242	1.416
	Corporation tax payable	0	2.930
	Other payables	14.147	9.603
	Total current liabilities	52.754	70.629
	TOTAL EQUITY AND LIABILITIES	92.596	92.889

1 Accounting policies
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11 Collateral
12 Related parties
13 Subsequent events

Financial statements 1 January - 31 December

STATEMENT OF CHANGES IN EQUITY

k.DKK	Share capital	Reserve for development expenditures	Retained earnings	Dividend proposed	Total
Equity 1 January 2022	625	2.643	11.150	7.500	21.918
Dividend distributed	0	0	0	-7.500	-7.500
Transfer through appropriation of profit	0	254	578	0	832
Currency adjustment of equity in subsidiaries	0	0	53	0	53
Equity 1 January 2023	625	2.897	11.781	0	15.303
Capital contribution	0	0	12.500	0	12.500
Transfer through appropriation of profit	0	1.292	4.604	0	5.896
Currency adjustment of equity in subsidiaries	0	0	-38	0	-38
Equity 31 December 2023	625	4.189	28.847	0	33.661

1 Accounting policies

The annual report of KLIFO A/S for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class C middle sized entities.

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

Consolidated financial statements

In accordance with section 112 (1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of KLIFO A/S and its subsidiaries are included in the consolidated financial statement of Drug Development Consulting Holding ApS.

Cash flow statement

In accordance with section 86.4 of the Danish Financial Statements Act, no cash flow statement has been prepared. The cash flow statement of KLIFO A/S and its subsidiaries are included in the consolidated financial statement of Drug Development Consulting Holding ApS.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

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 measured reliably.

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

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

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.

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign entities at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with foreign subsidiaries that are considered part of the total investment in the subsidiary are recognised directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

On recognition of foreign subsidiaries that are integral entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date, although items derived from non-monetary items are translated at the historical exchange rates applying to the non-monetary items.

Business combinations

Newly acquired entities are recognised in the financial statements from the acquisition date. Entities sold or otherwise disposed of are recognised in the consolidated financial statements up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities. Discontinued operations are presented separately, see below.

The acquisition date is the date when the Group actually obtains control of the acquiree.

The purchase method is applied to acquisitions of new businesses over which the Group obtains control. The acquired businesses' identified assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax on revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill in intangible assets. Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognised in the income statement at the acquisition date.

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the Group's presentation currency are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

The purchase consideration for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the purchase consideration is contingent on future events or compliance with agreed terms, such part of the purchase consideration is recognised at fair value at the acquisition date. Subsequent adjustments of contingent purchase considerations are recognised in the income statement.

Expenses incurred to acquire entities are recognised in the income statement in the year in which they are incurred.

If uncertainties regarding the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the purchase consideration exist at the acquisition date, initial recognition will take place on the basis of provisional values. If it turns out subsequently that the identification or measurement of the purchase consideration, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Subsequently, any adjustments are recognised as errors.

Gains or losses from divestment or winding-up of subsidiaries that implies that control is no longer maintained are calculated as the difference between, on the one hand, the selling price less selling costs and, on the other hand, the proportionate share of the carrying amount of net assets. If the Parent Company still holds equity investments in the divested entity, the remaining proportionate share of the carrying amount forms the basis for the measurement of equity investments in associates or securities and equity investments.

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of equity investments, mergers, demergers, additions of assets and share conversions, etc., in which entities controlled by the Parent Company are involved, provided that the combination is considered completed at the acquisition date without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

Accounting policies (continued)

Gross margin

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

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation and amortisation

The item comprises depreciation of property, plant and equipment and amortisation of goodwill.

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

Goodwill	10 years
Development projecs	5 years
Fixtures and fittings, other plant and equipment	3-10 years
Leasehold improvements	3-10 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

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.

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.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Notes to the financial statement

Accounting policies (continued)

Balance sheet

Development projects

Development projects consist of IT systems and software and are measured at cost less accumulated depreciation and impairment losses. Cost includes external and internal cost and software licenses directly or indirectly allocated to the IT systems and software until the time at which the asset is ready for use.

Fixtures and fittings, other plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

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.

Investments

Investments consist of rent deposits and is measured at cost.

Equity investments in subsidiaries and associates in the financial statements

Equity investments in subsidiaries are measured according to the equity method in the parent company financial statements. The Parent Company has chosen to consider the equity method a measurement method.

On initial recognition, equity investments in subsidiaries are measured at cost. The cost is allocated in accordance with the acquisition method. Acquisition cost are expensed.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Negative equity in the subsidiaries are in the carrying value offset by receivables on the subsidiaries. If the negative equity exceed the receivable the difference is recorded as a liability.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Impairment of non-current assets

The carrying amount of development projects, customer relationship, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of future lease payments. In calculating the present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for as the Company's other assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and other leases are disclosed under contingencies, etc.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Work in progress

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Prepayments

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

Equity

Net revaluation reserve according to the equity method

Net revaluation of equity investments in subsidiaries and associates is recognised at cost in the net revaluation reserve according to the equity method.

The reserve can be eliminated in case of losses, realisation of equity investments or changes in accounting estimates.

The reserve cannot be recognised at a negative amount.

Reserve for development expenditures

Capitalized development expenditures are shown as a reserve in equity in accordance with the Danish Financial Statement Act. The reserve can not be used for dividend or to cover for losses. The reserve transfered to rreturned earnings in accordance with the amortization of the capitalized amounts or when the assets are disposed.

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

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 according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

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. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Long term other liabilities are stated at amortized cost.

Financial statements 1 January - 31 December

Notes to the financial statement

Note	k.DKK	2023	2022
2	**Staff costs**	2023	2022
	Wages/salaries	97.034	104.828
	Pensions	9.336	9.652
	Other social security costs	1.158	1.140
	TOTAL	107.528	115.620
	Average number of full-time employees	132	143
	Compensation to management	4.547	0
	Compensation to board of directors	700	0
	Compensation to management and board of directors	5.247	2.138

In accordance with section 98b.3 no.1 of the Danish Financial Statements Act, compensation is disclosed as a total for 2022.

Note	**Development projects, fixtures and fittings, and deposits**	Develop-ment projects	Fixtures and fittings	Leasehold improve-ments	Deposits	Total
3	Cost 1 January	4.438	2.878	8.348	2.072	17.736
	Additions	4.822	744	2.139	212	7.917
	Cost 31 December	9.260	3.622	10.487	2.284	25.653
	Amortisation and depreciation 1 January	1.541	1.528	4.306	0	7.375
	Depreciation and amortization	922	368	1.382		2.672
	Amortisation and depreciation 31 December	2.463	1.896	5.688	0	10.047
	Carrying amount 31 December	6.797	1.726	4.799	2.284	15.606

Note	**Investments in group enterprises**	2023
4	Cost 1 January	10.278
	Additions	0
	Cost 31 December	10.278
	Value adjustments 1 January	-26.390
	Currency adjustments	-38
	Profit/loss for the year	10.260
	Goodwill amortization	-379
	Value adjustments 31 December	-16.548
	Carrying amount 31 December	-6.270
	Receivables from group enterprises offset against the carrying amount	8.172
	Balance 31 December	1.903

Note k.DKK

4 **Investments in group enterprises (continued)**

The carrying amount of group entities comprises a share of the entities' net asset value and goodwill at a carrying amount of k.DKK 1.894.

Subsidiary name	Domicile	Interest	Profit	Equity
KLIFO AB	Malmö, Sweden	100%	372	1.903
KLIFO GmbH	Munich, Germany	100%	9.745	-9.671
KLIFO B.V.	Eindhoven, Netherlands	100%	143	-396
Total before goodwill			10.260	-8.164
Goodwill			-379	1.894
TOTAL			9.881	-6.270

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Financial income	2023	2022
Interest income, group enterprises	335	224
Interest income	443	0
Exchange rate gains	54	0
Other financial income	267	383
TOTAL	1.099	607

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Financial expenses	2023	2022
Interest expenses, group companies	54	0
Interest expenses	673	677
Exchange losses	0	489
Other financial expenses	52	54
TOTAL	779	1.220

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Tax for the year	2023	2022
Estimated tax charge for the year	0	2.930
Deferred tax adjustments in the year	-1.248	-30
Adjustment of tax regarding prior year	0	21
TOTAL	-1.248	2.921
Deferred tax releate to:		
Tangible assets	-630	29
Work in progress	751	753
Tax loss carry forward	-587	0
Deferred tax 31 December	-466	782

8 **Share capital**

Contributed capital consist of 6.250 shares to nominal value DKK 100.

Financial statements 1 January - 31 December

Notes to the financial statement

Note	k.DKK		
9	**Other payables**	2023	2022
	Due within 1 - 5 years	1.122	1.022
	Due after 5 years	5.059	5.153
	TOTAL	6.181	6.175

Other payables are Frozen holiday pay debt, as per Danish legislation.

10 **Contractual obligations and contingencies, etc.**

Other contingent liabilities

The Company was until May 17, 2021 jointly taxed with its parent company KLIFO Holding A/S and its ultimative parent company, Mørk Holding 2007 ApS, which acts as management company, and is jointly and severally liable with other jointly taxed group enterprises for payment of income taxes for the income year 2013 and onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

From May 17, 2021 the company is jointly taxed with its parent company Drug Development Consulting BidCo ApS and its ultimative parent company, Drug Development Consulting Holding ApS, which acts as management company, and is jointly and severally liable with other jointly taxed group enterprises for payment of income taxes for the income year 2021 and onwards as well as withholding taxes on interest, royalties and dividends falling due for payment.

Other financial obligations	2023	2022
Rent and lease liabilities	19.545	21.109

Rent and lease liabilities include a building rent obligation totalling k.DKK 19.332 with contract terms within 5 years. Furthermore, the Company has liabilities under operating leases for cars and other equipment.

11 **Collateral**

As part of a drawing right, Nordea Danmark has claimed a lien of DKK 5.000.000 covering trade receivables, stocks, fixtures and fittings, goodwill and domain name.

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Notes to the financial statement

Note k.DKK

12 **Related parties**

KLIFO A/S' related parties comprise the following:

Parties exercising control

	Domicile	Basis for control
Drug Development Consulting Holding ApS	Glostrup, Denmark	Ultimate parent company
Drug Development Consulting BidCo ApS	Glostrup, Denmark	Parent company

Other related parties

KLIFO AB	Malmö, Sweden	Subsidiary
KLIFO GmbH	Munich, Germany	Subsidiary
KLIFO B.V.	Eindhoven, Netherlands	Subsidiary
DDC Mørk Holding ApS	Lyngby-Taarbæk, Denmark	Minority shareholder
Mørk Holding 2007 ApS	Lyngby-Taarbæk, Denmark	Minority shareholder
Alejandra Mørk	Virum, Denmark	Minority shareholder

Ownership

Shareholders holding 5% or more of the share capital or the voting rights:

Drug Development Consulting Holding ApS, Smedeland 36, 2600 Glostrup owns 100% of the shares in Drug Develpment Consulting BidCo ApS.
Drug Development Consulting BidCo ApS, Smedeland 36, 2600 Glostrup owns 100% of the shares KLIFO A/S.

Transaction with related parties	2023	2022
Purchase of services from parent company	2.765	2.223
Sale of services to subsidiaries	9.044	10.565
Purchase of services from subsidiaries	18.556	8.869
Interet expense to parent company	54	0
Interest income from subsidiaries	335	224
Receivables from subsidiaries	21.265	23.537
Payables to parent company	5.090	0
Payables to subsidiaries	2.152	1.416

13 **Subsequent events**

No material events affecting the financial statements for 2023 have occured after 31 December 2023.