

Arcedi Biotech ApS

Tabletvej 1, 7100 Vejle

CVR no. 25 57 79 22

Annual report for 2021

Adopted at the annual general meeting
on 30 March 2022

Hans-Henrik Eriksen
chairman

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Statement by management on the annual report

The supervisory board and executive board have today discussed and approved the annual report of Arcedi Biotech 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 company's 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 our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Vejle, 30 March 2022

Executive board

Palle Schelde Jensen
CEO

John Riis Mortensen

Supervisory board

Claus Bagger-Sørensen
chairman

Steen Bagger-Sørensen

Hans-Henrik Eriksen

Tonni Bülow-Nielsen

Independent auditor's report

To the shareholders of Arcedi Biotech ApS

Opinion

We have audited the financial statements of Arcedi Biotech ApS for the financial year 1 January - 31 December 2021, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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 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' 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 and IESBA Code. 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 the 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.

Independent auditor's report

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.

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 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.

Independent auditor's report

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.

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 Statements Act. We did not identify any material misstatement of management's review.

Aarhus, 30 March 2022

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jes Lauritzen
State Authorised Public Accountant
MNE no. mne10121

Tom B. Lassen
State Authorised Public Accountant
MNE no. mne24820

Company details

The company

Arcedi Biotech ApS
Tabletvej 1
7100 Vejle

Telephone: 49288888

CVR no.: 25 57 79 22

Reporting period: 1 January - 31 December 2021

Incorporated: 16 December 2013

Financial year: 8th financial year

Domicile: Vejle

Supervisory board

Claus Bagger-Sørensen, chairman
Steen Bagger-Sørensen
Hans-Henrik Eriksen
Tonni Bülow-Nielsen

Executive board

Palle Schelde Jensen, CEO
John Riis Mortensen

Auditors

EY Godkendt Revisionspartnerselskab
Værkmestergade 25
8000 Aarhus C

Management's review

Business review

The purpose of the Company is to develop diagnostic tests on the basis of cells isolated from a blood sample as well as any other business which, in the opinion of the Board of Directors, relates thereto. The primary activity of the Company is to develop and commercialize a non invasive prenatal diagnostics test.

Financial review

The company's income statement for the year ended 31 December 2021 shows a loss of TDKK 5.779, and the balance sheet at 31 December 2021 shows negative equity of TDKK 29.125.

In 2021 the Company launched EVITATEST™ which is the first-ever risk-free non-invasive prenatal test that, based on isolated fetal cells from the maternal blood circulation, gives access to the full genome of the unborn child. EVITATEST™ is initially launched in Denmark together with private IVF- and midwife clinics with an objective to be included in the public standard care offered to pregnant couples in Denmark and abroad.

The Company is financed by its owners, who also provide the liquidity required for the continued operations and realization of the planned activities. Management expects that equity will be reestablished by means of own earnings.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of Arcedi Biotech ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, as well as provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

Income statement

Gross profit

The Company applies section 32 of the Danish Financial Statements Act according to which, the Company does not disclose its revenue.

Revenue, work performed on own account and risk and recognised as assets, changes in inventories of finished goods and work in progress as well as other operating income less costs of raw materials and consumables and other external expenses are aggregated into the item Gross loss.

Revenue

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Income from services, comprising service contracts and extended warranties relating to products and contracts sold is recognised on a straight-line basis as the services are provided.

Other external expenses

Other external expenses comprise costs for distribution, sale, advertising, administration, premises, bad debt losses, operating leases, etc.

Other external expenses also comprise research and development costs that do not qualify for capitalisation.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Company's employees. Any subsidies received from public authorities are deducted from staff costs.

Amortisation, depreciation and impairment losses

Depreciation, amortisation and impairment losses comprise depreciation for the year on plant and equipment, amortisation of intangible assets and impairment losses.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts attributable to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

Tax for the year comprises current income tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Development projects, patents and licences

Development costs comprise expenses, salaries and amortisation charges directly attributable to the Company's development activities. Development projects that are clearly defined and identifiable and where feasibility, sufficient resources and a potential future market or development potential are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Once the development project is complete, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually five years.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the licence term, however not exceeding 20 years.

Gains and losses on the disposal of development projects, patents and licences are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Accounting policies

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Plant and machinery	5 years
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The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is tested annually for evidence of impairment other than the decrease in value reflected by amortisation/depreciation.

Impairment tests are conducted on individual assets or groups of assets when there is evidence of impairment. Assets are written down to the lower of the carrying amount and the 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 group of assets and the expected net cash flows from the disposal of the asset or group of assets after the end of the useful life.

Receivables

Receivables are measured at amortised cost.

Accounting policies

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.

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.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs incurred after 1 January 2016. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or if they are no more part of the Company's operations by a transfer directly to distributable reserves under equity.

Income tax and deferred tax

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

Financial liabilities, which include trade receivables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to the nominal value.

Income statement 1 January - 31 December

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Gross profit		3.864	4.903
Staff costs	1	<u>-10.403</u>	<u>-9.357</u>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-95</u>	<u>-95</u>
Financial income		35	1
Financial costs		<u>-2.281</u>	<u>-1.768</u>
Profit/loss before tax		-8.880	-6.316
Tax on profit/loss for the year	2	<u>3.101</u>	<u>2.463</u>
Profit/loss for the year		<u>-5.779</u>	<u>-3.853</u>
Recommended appropriation of profit/loss			
Transferred to other statutory reserves		13.432	12.605
Retained earnings		<u>-19.211</u>	<u>-16.458</u>
		<u>-5.779</u>	<u>-3.853</u>

Balance sheet 31 December

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Assets			
Development projects in progress		106.802	88.322
Intangible assets	3	<u>106.802</u>	<u>88.322</u>
Plant and machinery		142	237
Tangible assets		<u>142</u>	<u>237</u>
Total non-current assets		<u>106.944</u>	<u>88.559</u>
Trade receivables		54	0
Other receivables		1.534	1.493
Corporation tax		3.826	3.581
Prepayments		77	5
Receivables		<u>5.491</u>	<u>5.079</u>
Cash at bank and in hand		<u>2.486</u>	<u>945</u>
Total current assets		<u>7.977</u>	<u>6.024</u>
Total assets		<u>114.921</u>	<u>94.583</u>

Balance sheet 31 December

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Equity and liabilities			
Share capital		80	80
Reserve for development expenditure		70.143	56.711
Retained earnings		-99.348	-80.137
Equity		-29.125	-23.346
Provision for deferred tax		12.440	11.715
Total provisions		12.440	11.715
Trade payables		1.977	2.433
Payables to shareholders and management		18.493	18.128
Other payables		111.136	85.048
Deferred income		0	605
Total current liabilities		131.606	106.214
Total liabilities		131.606	106.214
Total equity and liabilities		114.921	94.583

Equity

	<u>Share capital</u>	<u>Reserve for development expenditure</u>	<u>Retained earnings</u>	<u>Total</u>
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January 2021	80	56.711	-80.137	-23.346
Net profit/loss for the year	0	13.432	-19.211	-5.779
Equity at 31 December 2021	80	70.143	-99.348	-29.125

Notes

	<u>2021</u> TDKK	<u>2020</u> TDKK
1 Staff costs		
Wages and salaries	10.283	9.266
Other social security costs	<u>120</u>	<u>91</u>
	<u>10.403</u>	<u>9.357</u>
Average number of employees	<u>17</u>	<u>15</u>
2 Tax on profit/loss for the year		
Current tax for the year	-3.826	-3.581
Deferred tax for the year	<u>725</u>	<u>1.118</u>
	<u>-3.101</u>	<u>-2.463</u>
3 Intangible assets		
		Development projects in progress
		<u>TDKK</u>
Cost at 1 January 2021		88.322
Additions for the year		<u>18.480</u>
Cost at 31 December 2021		<u>106.802</u>
Carrying amount at 31 December 2021		<u>106.802</u>

Notes

3 Intangible assets (continued)

Special assumptions regarding development projects and tax assets

In-process development projects comprise the development of a prenatal foetal diagnostics test. Capitalised development costs primarily include patent costs, internal direct wages and salaries, reagents and external validation costs.

The carrying amount totalled DKK 106.802 thousand at 31 December 2021, and the Company expects subsequently to launch, license to third party or to sell the technology.

Future income from the launch of the test, license fees or from the sale of the technology is expected to exceed the carrying amount of the capitalised in-process development projects.

4 Contingent liabilities

Discounted bills of exchange

Term to maturity in 3 months with an average payment of DKK 8 thousand, totalling DKK 24 thousand.

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Palle Schelde Jensen

Adm. direktør

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Hans-Henrik Horsted Eriksen

Bestyrelsesmedlem

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2022-03-31 05:20:55 UTC

NEM ID 

Steen Bagger-Sørensen

Bestyrelsesmedlem

Serienummer: PID:9208-2002-2-971436161096

IP: 78.143.xxx.xxx

2022-03-31 05:38:45 UTC

NEM ID 

Tonni Bülow-Nielsen

Bestyrelsesmedlem

På vegne af: Bülow-Nielsen Holding ApS

Serienummer: PID:9208-2002-2-881990446827

IP: 188.177.xxx.xxx

2022-03-31 05:46:13 UTC

NEM ID 

John Riis Mortensen

Direktør

Serienummer: PID:9208-2002-2-693236326853

IP: 212.130.xxx.xxx

2022-03-31 06:35:01 UTC

NEM ID 


Claus Bagger-Sørensen

Bestyrelsesformand

Serienummer: PID:9208-2002-2-260973491217

IP: 212.130.xxx.xxx

2022-03-31 11:40:53 UTC

NEM ID 

Tom Barreth Lassen

Statsautoriseret revisor

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NEM ID 


Jes Østergaard Lauritzen

Statsautoriseret revisor

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IP: 87.57.xxx.xxx

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Hans-Henrik Horsted Eriksen

Dirigent

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