

# **Arcedi Biotech ApS**

**Tabletvej 1, 7100 Vejle**

**CVR no. 25 57 79 22**

**Annual report for 2020**

Adopted at the annual general meeting  
on 25 March 2021

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Hans-Henrik Eriksen  
chairman

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## **Statement by management on the annual report**

The supervisory and executive boards have today discussed and approved the annual report of Arcedi Biotech ApS for the financial year 1 January - 31 December 2020.

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 2020 and of the results of the company's operations for the financial year 1 January - 31 December 2020.

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, 25 March 2021

### **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 2020, 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 2020 and of the results of the company's operations for the financial year 1 January - 31 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 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, 25 March 2021

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 2020

Incorporated: 16. December 2013

Financial year: 7th 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 test 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 commercialise a non-invasive prenatal diagnostics test.

### **Financial review**

The company's income statement for the year ended 31 December 2020 shows a loss of TDKK 3.853, and the balance sheet at 31 December 2020 shows negative equity of TDKK 23.346.

The Company is financed by its owners, who also provide the liquidity required for the continued operations and realisation 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 2020 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.

### **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.

### **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.

## **Accounting policies**

### **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.

#### **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.

## Accounting policies

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.

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.



## Income statement 1 January - 31 December

	<u>Note</u>	<u>2020</u> TDKK	<u>2019</u> TDKK
<b>Gross profit</b>		<b>4.903</b>	<b>5.230</b>
Staff costs	1	-9.357	-8.683
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-95	-95
<b>Profit/loss before net financials</b>		<b>-4.549</b>	<b>-3.548</b>
Financial income		1	8
Financial costs		-1.768	-1.351
<b>Profit/loss before tax</b>		<b>-6.316</b>	<b>-4.891</b>
Tax on profit/loss for the year	2	2.463	1.129
<b>Profit/loss for the year</b>		<b>-3.853</b>	<b>-3.762</b>
 <b>Recommended appropriation of profit/loss</b>			
Transferred to other statutory reserves		12.605	14.881
Retained earnings		-16.458	-18.643
		<b>-3.853</b>	<b>-3.762</b>

## Balance sheet 31 December

	<u>Note</u>	<u>2020</u> TDKK	<u>2019</u> TDKK
<b>Assets</b>			
Development projects in progress		88.322	71.005
<b>Intangible assets</b>	3	<u>88.322</u>	<u>71.005</u>
Plant and machinery		237	332
<b>Tangible assets</b>		<u>237</u>	<u>332</u>
<b>Total non-current assets</b>		<u>88.559</u>	<u>71.337</u>
Other receivables		1.493	1.074
Corporation tax		3.581	4.324
Prepayments		5	10
<b>Receivables</b>		<u>5.079</u>	<u>5.408</u>
<b>Cash at bank and in hand</b>		<u>945</u>	<u>1.961</u>
<b>Total current assets</b>		<u>6.024</u>	<u>7.369</u>
<b>Total assets</b>		<u><u>94.583</u></u>	<u><u>78.706</u></u>

## Balance sheet 31 December

	<u>Note</u>	<u>2020</u> TDKK	<u>2019</u> TDKK
<b>Equity and liabilities</b>			
Share capital		80	80
Reserve for development expenditure		56.711	44.106
Retained earnings		-80.137	-63.679
<b>Equity</b>		<u><b>-23.346</b></u>	<u><b>-19.493</b></u>
Provision for deferred tax		11.715	10.597
<b>Total provisions</b>		<u><b>11.715</b></u>	<u><b>10.597</b></u>
Other payables		0	306
<b>Total non-current liabilities</b>	4	<u><b>0</b></u>	<u><b>306</b></u>
Trade payables		2.433	4.803
Payables to shareholders and management		18.128	17.770
Other payables		85.048	64.723
Deferred income		605	0
<b>Total current liabilities</b>		<u><b>106.214</b></u>	<u><b>87.296</b></u>
<b>Total liabilities</b>		<u><b>106.214</b></u>	<u><b>87.602</b></u>
<b>Total equity and liabilities</b>		<u><u><b>94.583</b></u></u>	<u><u><b>78.706</b></u></u>
Contingent liabilities	5		

## Equity

	Share capital	Reserve for development expenditure	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January 2020	80	44.106	-63.679	-19.493
Net profit/loss for the year	0	12.605	-16.458	-3.853
<b>Equity at 31 December 2020</b>	<b>80</b>	<b>56.711</b>	<b>-80.137</b>	<b>-23.346</b>



## Notes

	<u>2020</u> TDKK	<u>2019</u> TDKK
<b>1 Staff costs</b>		
Wages and salaries	9.266	8.587
Other social security costs	<u>91</u>	<u>96</u>
	<b><u>9.357</u></b>	<b><u>8.683</u></b>
Average number of employees	<u>15</u>	<u>14</u>
<b>2 Tax on profit/loss for the year</b>		
Current tax for the year	-3.581	-4.324
Deferred tax for the year	<u>1.118</u>	<u>3.195</u>
	<b><u>-2.463</u></b>	<b><u>-1.129</u></b>
<b>3 Intangible assets</b>		Development projects in progress
		<u>TDKK</u>
Cost at 1 January 2020		71.005
Additions for the year		<u>17.317</u>
Cost at 31 December 2020		<u>88.322</u>
<b>Carrying amount at 31 December 2020</b>		<b><u>88.322</u></b>

## Notes

### 3 Intangible assets (Fortsat)

#### 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 88.322 thousand at 31 December 2020, 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 Long term debt

	Debt at 1 January 2020	Debt at 31 December 2020	Instalment next year	Debt outstanding after 5 years
	TDKK	TDKK	TDKK	TDKK
Other payables	306	0	0	0
	<b>306</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 5 Contingent liabilities

#### Discounted bills of exchange

Term to maturity in 3 months with an average payment of DKK 7 thousand, totalling DKK 21 thousand.

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## Steen Bagger-Sørensen

Bestyrelsesmedlem

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## Claus Bagger-Sørensen

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## Hans-Henrik Horsted Eriksen

Bestyrelsesmedlem

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IP: 212.130.xxx.xxx

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## Palle Schelde Jensen

Adm. direktør

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## Tonni Bülow-Nielsen

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## John Riis Mortensen

Direktionsmedlem

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IP: 212.130.xxx.xxx

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## Hans-Henrik Horsted Eriksen

Dirigent

Serienummer: PID:9208-2002-2-451687434633

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## Tom Barreth Lassen

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## Jes Østergaard Lauritzen

### Underskriver

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