



Unibio A/S

Langebjerg 1
4000 Roskilde
CVR No. 26110262

Annual report 2023

The Annual General Meeting adopted the annual report on 12.06.2024

Jan Boeg Hansen
Chairman of the General Meeting

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Entity details

Entity

Unibio A/S

Langebjerg 1

4000 Roskilde

Business Registration No.: 26110262

Date of foundation: 01.07.2001

Registered office: Roskilde

Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Jan Boeg Hansen

David Richard Henstrom

Henrik Busch-Larsen

Executive Board

David Richard Henstrom

Søren Olrik Eklund

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Tværkajen 5

P. O. Box 10

5100 Odense

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Unibio A/S for the financial year 01.01.2023 - 31.12.2023.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Odense, 08.05.2024

Executive Board

David Richard Henstrom

Søren Olrik Eklund

Board of Directors

Jan Boeg Hansen

David Richard Henstrom

Henrik Busch-Larsen

Independent auditor's report

To the shareholders of Unibio A/S

Opinion

We have audited the financial statements of Unibio A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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.

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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Odense, 08.05.2024

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Allan Dydensborg Madsen

State Authorised Public Accountant
Identification No (MNE) mne34144

Martin Lund Nielsen

State Authorised Public Accountant
Identification No (MNE) mne45861

Management commentary

Financial highlights

	2023 DKK'000	2022 DKK'000	2021 DKK'000
Key figures			
Gross profit/loss	1,344	11,041	(13,393)
Operating profit/loss	(78,011)	(58,489)	(48,391)
Net financials	1,463	3,664	(2,419)
Profit/loss for the year	(78,336)	(49,325)	(41,849)
Total assets	174,899	71,343	118,876
Investments in property, plant and equipment	7,180	1,985	2,239
Equity	155,195	33,531	(17,144)
Ratios			
Equity ratio (%)	88.73	47.00	(14.42)

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Total assets

Primary activities

Unibio – provides a boundless protein source without compromising the planet

Unibio is commercialising an affordable, scalable, planet-friendly protein solution that seamlessly integrates into global food and feed systems. Unibio can produce sustainable protein without any use of arable land and with low water usage. The protein is produced through fermentation using methane from natural gas or biogas as the main feedstock.

By using its technology, Unibio can produce single cell protein in boundless quantities. The protein is approved for animal feed in the EU and is under approval in other regions. Protein for human consumption is under development. With a rapidly growing global population and increasing food insecurity, there is a huge demand for sustainable products such as Unibio's Uniprotein®. Unibio has developed this technology to an industrial scale and is rolling it out globally.



Development in activities and finances

2023: A Game-changing year for Unibio

By welcoming The Saudi Industrial Investment Group ("SIIG") as a substantial new shareholder with a GBP 56 million investment, Unibio has accelerated its development and the pace at which it will provide the world with sustainable protein. This was the largest single investment in Unibio in its history.

Increasing interest and demand to produce Unibio's sustainable protein

There is strong interest in Unibio's solution as one of the keys to feeding the world in a more sustainable way through the supply of an unbounded source of protein. During 2023 Unibio completed the Front-End Engineering Design (FEED) process – the step before construction – with one partner in the Middle East and progressed it with

another. A Memorandum of Understanding was also signed with a new partner for a potential project in Central Asia.

Encouraging Uniprotein® trials

During 2023 Uniprotein® was tested in seabream, shrimp, and salmon food. The tests included studying the performance, digestibility and growth, and replacement of other protein sources. The results are very promising and are being submitted for peer reviewed scientific publication.



Pet food and salmon feed producer approvals

During 2023 a large international pet food producer ran trials of Uniprotein® as an ingredient in food for cats and dogs, resulting in Uniprotein® achieving technical approval as an ingredient. A large international salmon feed producer also tested Uniprotein® and it achieved technical approval as an ingredient in feed for salmon and trout.



Market entry preparation

During the year Unibio has participated in conferences focused on development of the sustainable protein space and raising awareness of Unibio and its product amongst partners, customers, and investors.

A particular focus was developing Unibio's engagement with the Aqua, Pig, Poultry, and Pet Food industries to promote Uniprotein® as an ingredient in animal feeds to potential customers. This included participating in the Global Shrimp Forum in Utrecht, Aquaculture Europe in Vienna, Feedinfo Summit in Vienna, Future Food Tech in Amsterdam, and Blue Food Innovation in London, all of which generated considerable interest in Uniprotein® and new testing and commercial possibilities. Unibio has also started building strong relationships with several universities to collaborate on the continued testing and development of its products.

In October, we participated once again in the FII Institute conference in Saudi Arabia (known as 'Davos in the Desert'). Then in December we participated for the first time in COP28 in Dubai where, as part of a Danish delegation, we engaged with a diverse range of stakeholders including investors, peers, partners, and potential customers. These interactions have proven beneficial in opening up opportunities for Unibio as well as raising awareness of both Unibio as a company, and Uniprotein® as a product.

Having attended these events, Unibio believes that people are becoming increasingly aware of the important role sustainable protein will play in helping the world achieve its sustainability targets and improve food security. Unibio can play an important role in educating people about the benefits sustainable protein can bring in multiple markets.

Uniprotein® benefits:

- High quality single cell protein
- Uniform product quality
- Can be produced at scale
- Low water usage
- Produced without arable land
- Easily traceable
- Non GMO
- Pesticide free
- Approved as feed for animals and fish in the EU

Uniprotein® has been sold commercially and used in compound feed mix for pigs and aqua in the EU*.

*Uniprotein® was produced under license in Russia but sales were stopped in February 2022 due to the Ukraine war.

Accelerating Unibio's Research and Innovation Strength

Unibio continued with programmes to improve research and development, and product and production processes at both the Research and Development Centre in Roskilde and the Innovation Centre in Kalundborg during the year.

To allow for improvement, future expansion and development, Unibio purchased the Kalundborg site on 1 October 2023. Internal microbial, chemical, and biochemical analytical capacities have also been expanded to efficiently support projects across the organisation.

Unibio continued to grow and strengthen its patent portfolio during 2023 with the publication of three patent applications, and the filing of a new broad patent application. This included patents covering the manufacturing process all the way through to the final application of Unibio's products.



Product samples and development

Work on Unibio's downstream (post fermentation) processes, has focused on sample production and product development with several new products in the pipeline.

As part of its innovative approach Unibio is utilising Machine Learning and Industry 4.0 processes. An example is creating a digital twin through the use of High Performing Computing to model and simulate the production process. This approach allows Unibio to rapidly test potential improvements and verify these in pilot and demo scale.

Protein for food

Alongside the use of Uniprotein® for animal feed, Unibio is utilising its core technologies to develop an affordable, planet friendly, protein product for human consumption. Unibio has engaged with universities and the food industry to enhance the development and approval of its sustainable protein as a human food source. This will take several years to accomplish.



Sustainability recognition

Unibio won the 'Kalundborg Business Council's "Green Environment and Climate award' for 2023. It was received for the significant positive impact that Uniprotein® will have on world food production while substantially reducing global water consumption compared to the cultivation of soybeans. The award is given annually to a company located in the Kalundborg Municipality of Denmark that is leading the way in countering climate change and providing green alternative products for the future.

Member of GFLI

Unibio became a member of The Global Feed LCA Institute (GFLI) during the year, a recognised international consortium in the animal feed space. The GFLI has an established database that serves as the leading reference source for information about the environmental performance of feed ingredients.

Continued high focus on safety

Unibio has continued to focus on maintaining and further improving a strong safety culture throughout the organisation, judiciously prioritising resources and investments to ensure a safe working environment. This becomes increasingly important as we, or our partners, increase the scale of production. The aim is always to have zero lost time incidents, which we obtained again in 2023.

Renewed and focused Board of Directors

As part of The Saudi Industrial Investment Group's (SIIG) investment, we welcomed Mr. Abdulrahman Saleh Alismail, SIIG's CEO, to the Board at Unibio's Annual General Meeting in June. Mr. Alismail represents SIIG on the Board and brings tremendous experience in the development and construction of industrial-scale plants and managing complex joint ventures from SIIG's 25-year period of joint ventures with Chevron Phillips. There were also other changes to the Board at the Annual General Meeting. Mr. Jan Boeg Hansen stepped down as Chairman. He remains as a Board member during a transition year with Mr. Neil Goldsmith replacing him as Chairman of the Board. Neil has been a Board member of Unibio for several years and has experience in leading both private and public companies. Mr. Sten Bay Jørgensen and Ms. Lorenza Porciello also stepped down as board members at the AGM.

Enhanced people capabilities

During 2023 Unibio welcomed 13 new employees deepening our technical and commercial capabilities as a team.

Financials

Gross profit for the year amounted to DKK 1,344k (gross profit of DKK 11,041k for 2022). The post-tax loss for the year amounted to DKK 78,336k (post-tax loss of DKK 49,325k for 2022). The loss for the year is mainly related to costs associated with research and development activities and the costs associated with the operation of Unibio's pilot and demonstration facilities. The increase in costs is also associated with Unibio developing its organisation to enable the increased activity in both development and commercial activities. Equity at end-2023 amounted to DKK 155,195k (DKK 33,531k at end-2022) which was principally due to an increase in capital during the year.

Profit/loss for the year in relation to expected developments

The loss before tax is in line with managements expectations.

Uncertainty relating to recognition and measurement

The company's going concern are secured through letter of support from the parent company, Unibio International Plc. The letter of support ensures that the company can meet its obligations as they fall due, just as the statement of support ensures that the parent company will not claim to be repaid until there is liquidity for this. The letter of support secures the company's further development and operation.

In Management's view, there is no other specific uncertainty about the recognition or measurement of any items in the financial statements.

Outlook

We are encouraged with the opportunities in front of us in 2024. Unibio expects to focus on the following areas in 2024:

1. Drive active projects (Qatar, another in Middle East, and one in Central Asia) further along the path to a final investment decision.
2. Raise additional capital to further accelerate development and increase the amount we can deploy to build facilities.
3. Continue work on pipeline of projects in other targeted area(s).
4. Lay groundwork for pet and human food commercialisation through production optimisation, targeted regulatory process pursual, and customer development.
5. Continuously improve our technology

As a result of the ongoing development and work mentioned above, management expects a loss for 2024 at a similar level to 2023.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Gross profit/loss		1,344	11,041
Research and development costs		(46,741)	(44,492)
Distribution costs		(12,826)	(8,018)
Administrative expenses		(19,788)	(17,020)
Operating profit/loss		(78,011)	(58,489)
Other financial income	4	5,974	3,934
Impairment losses on financial assets		(350)	0
Other financial expenses	5	(4,161)	(270)
Profit/loss before tax		(76,548)	(54,825)
Tax on profit/loss for the year	6	(1,788)	5,500
Profit/loss for the year	7	(78,336)	(49,325)

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Acquired patents		1,172	1,372
Intangible assets	8	1,172	1,372
Land and buildings		4,821	1,475
Plant and machinery		16,009	17,232
Other fixtures and fittings, tools and equipment		2,514	4,063
Property, plant and equipment in progress		3,198	666
Property, plant and equipment	9	26,542	23,436
Investments in group enterprises		175	525
Financial assets	10	175	525
Fixed assets		27,889	25,333
Raw materials and consumables		963	630
Inventories		963	630
Trade receivables		0	35
Receivables from group enterprises		2,825	2,324
Deferred tax	11	0	7,288
Other receivables		4,162	3,363
Tax receivable		5,500	5,500
Prepayments	12	6,924	675
Receivables		19,411	19,185
Cash		126,636	26,195
Current assets		147,010	46,010
Assets		174,899	71,343

Equity and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Contributed capital		10,750	6,750
Retained earnings		144,445	26,781
Equity		155,195	33,531
Trade payables		2,759	3,054
Payables to group enterprises		4,980	22,663
Other payables	13	9,512	9,336
Deferred income	14	2,453	2,759
Current liabilities other than provisions		19,704	37,812
Liabilities other than provisions		19,704	37,812
Equity and liabilities		174,899	71,343

Events after the balance sheet date	1
Staff costs	2
Amortisation, depreciation and impairment losses	3
Contingent assets	15
Contingent liabilities	16
Related parties with controlling interest	17
Group relations	18

Statement of changes in equity for 2023

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	6,750	26,781	33,531
Increase of capital	4,000	196,000	200,000
Profit/loss for the year	0	(78,336)	(78,336)
Equity end of year	10,750	144,445	155,195

Notes

1 Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

2 Staff costs

	2023	2022
	DKK'000	DKK'000
Wages and salaries	39,091	37,561
Pension costs	3,364	2,878
Other social security costs	683	527
Other staff costs	875	491
	44,013	41,457
Average number of full-time employees	58	51

	Remuneration of Management 2023
	DKK'000
Executive Board	5,743,948
Board of Directors	579,397
	6,323,345

Special incentive programmes

The management and board of directors in Unibio A/S are part of a share-based incentive program, where they are granted warrants to purchase shares in the parent company, Unibio International Plc.

In total, 1,193,121 warrants have been issued to the management and board of directors of Unibio A/S of which 167,371 warrants were granted during 2023.

The warrants can be exercised either (i) during a period from 2024 to 2029 or (ii) in case of a change of control of Unibio International Plc or (iii) in the event of an IPO or (iv) in case of winding up or liquidation.

The exercise price of the warrants ranges from GBP 3.50 to GBP 10.00 where the weighted average exercise price is GBP 6.12.

Expenses for the share-based incentive program have been recognised over the vesting period in the consolidated financial statement of Unibio International Plc as under the employee expenses.

3 Depreciation, amortisation and impairment losses

	2023	2022
	DKK'000	DKK'000
Amortisation of intangible assets	200	200
Depreciation of property, plant and equipment	4,074	4,274
	4,274	4,474

4 Other financial income

	2023	2022
	DKK'000	DKK'000
Other interest income	2,785	269
Exchange rate adjustments	3,189	3,665
	5,974	3,934

5 Other financial expenses

	2023	2022
	DKK'000	DKK'000
Other interest expenses	0	143
Exchange rate adjustments	4,161	127
	4,161	270

6 Tax on profit/loss for the year

	2023	2022
	DKK'000	DKK'000
Current tax	(5,500)	(5,500)
Change in deferred tax	7,288	0
	1,788	(5,500)

7 Proposed distribution of profit and loss

	2023	2022
	DKK'000	DKK'000
Retained earnings	(78,336)	(49,325)
	(78,336)	(49,325)

8 Intangible assets

	Acquired patents DKK'000
Cost beginning of year	3,022
Cost end of year	3,022
Amortisation and impairment losses beginning of year	(1,650)
Amortisation for the year	(200)
Amortisation and impairment losses end of year	(1,850)
Carrying amount end of year	1,172

9 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	2,123	26,874	8,544	666
Additions	3,707	694	247	2,532
Cost end of year	5,830	27,568	8,791	3,198
Depreciation and impairment losses beginning of year	(647)	(9,642)	(4,482)	0
Depreciation for the year	(362)	(1,917)	(1,795)	0
Depreciation and impairment losses end of year	(1,009)	(11,559)	(6,277)	0
Carrying amount end of year	4,821	16,009	2,514	3,198

10 Financial assets

	Investments in group enterprises DKK'000
Additions	525
Cost end of year	525
Impairment losses for the year	(350)
Impairment losses end of year	(350)
Carrying amount end of year	175

Investments in subsidiaries	Registered in	Corporate form	Equity interest %	Equity DKK'000	Profit/loss DKK'000
Unibio USA ApS	Roskilde	ApS	100.00	71	(17)
Unibio KSA ApS	Roskilde	ApS	100.00	38	(18)
Unibio Russia ApS	Roskilde	ApS	100.00	66	(89)

11 Deferred tax

Changes during the year	2023 DKK'000	2022 DKK'000
Beginning of year	7,288	7,288
Recognised in the income statement	(7,288)	0
End of year	0	7,288

12 Prepayments

Prepayments consist of incurred costs related to subsequent financial years and prepayments regarding potential investment.

13 Other payables

	2023 DKK'000	2022 DKK'000
Wages and salaries, personal income taxes, social security costs, etc payable	4,325	6,349
Holiday pay obligation	1,435	1,144
Other costs payable	3,752	1,843
	9,512	9,336

14 Deferred income

Deferred income consist of grants to development projects. The amount will be transferred to the income statement in line with depreciation and execution of the development projects.

15 Contingent assets

The Entity has an unrecognized tax asset relating to losses brought forwards. The value of the tax asset amounts to 41.447 DKK'000.

16 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

17 Related parties with controlling interest

Unibio International Plc, The London Bioscience Innovation Centre, Royal College Street, London, NW1 0NH. owns all shares in the Entity, thus exercising control.

18 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Unibio International Plc, London, UK

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Unibio International Plc, London, UK

Copies of the consolidated financial statements of Unibio International Plc may be ordered at the following address:

Unibio International Plc, The London Bioscience Innovation Centre, Royal College Street, London, NW1 0NH

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

Changes in accounting policies

The Entity has changed its accounting policies with regard to presentation.

The company has presented the profit and loss account by function instead of by type.

The change in accounting policies has no effect on the result for the year or equity.

The comparative figures have been restated following the change in accounting policies.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistently with last year.

Consolidated financial statements

Referring to section 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, production costs and other operating income.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer.

Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Production costs

Production: Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes normal write-down of inventories.

Research and development costs

Research and development costs comprise research costs including wages and salaries for sales staff, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment involved in the research and development process., costs of development projects not qualifying for recognition in the balance sheet, and amortisation and impairment losses relating to development projects.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment involved in the distribution process.

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises interest income and transactions in foreign currencies.

Impairment losses on financial assets

Impairment losses on financial assets comprise impairment losses on financial assets which are not measured at fair value on a current basis.

Other financial expenses

Other financial expenses comprise interest expenses, net capital or exchange losses on securities, payables and transactions in foreign currencies and amortisation of financial liabilities.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the

jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise of acquired intellectual property rights .

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Buildings	15
Plant and machinery	10
Other fixtures and fittings, tools and equipment	3

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, the Entity has prepared no cash flow statement as such statement is included in the consolidated cash flow statement of Unibio International Plc. Business Reg. No. 09209174.