

Sanos A/S
Herlev Hovedgade 82
2730 Herlev
Business Registration No
26997933

Annual report 2019

The Annual General Meeting adopted the annual report on 09.06.2020

Chairman of the General Meeting

Name: Thomas Nielsen

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Entity details

Entity

Sanos A/S
Herlev Hovedgade 82
2730 Herlev

Central Business Registration No (CVR): 26997933

Founded: 29.12.2003

Registered in: Herlev

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Claus Henrik Christiansen, Chairman

Thomas Nielsen

Bente Juel Christiansen

Executive Board

Jeppe Ragnar Andersen, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P.O. Box 1600

0900 Copenhagen C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Sanos A/S for the financial year 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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.

Herlev, 09.06.2020

Executive Board

Jeppe Ragnar Andersen
Chief Executive Officer

Board of Directors

Claus Henrik Christiansen
Chairman

Thomas Nielsen

Bente Juel Christiansen

Independent auditor's report

To the shareholders of Sanos A/S

Opinion

We have audited the financial statements of Sanos A/S for the financial year 01.01.2019 - 31.12.2019, 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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 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 of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the 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:

Independent auditor's report

- 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 under the Danish Financial Statements Act.

Independent auditor's report

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 of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 09.06.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Jan Larsen
State-Authorised Public Accountant
Identification No (MNE) mne16541

Management commentary

Primary activities

The Company's object is to operate within biotechnology and other related services.

Development in activities and finances

The Company's income statement for 2019 shows a profit of DKK 11.166.173 while the balance sheet shows equity of DKK 9.785.809 at 31.12.2019.

The profit for the year is positively influenced by recognition of a deferred tax asset of DKK 9.250.000, see also note 5.

Events after the balance sheet date

In early 2020, the outbreak of the coronavirus disease (COVID-19) has escalated, and on 11 March 2020 the WHO declared it a worldwide pandemic. The outbreak has led to a number of precautions that affect the planning and execution of day-to-day operations, and the Group's vendors and customers may be affected as well. Their financial impact cannot be determined at this point in time.

Aside from this, no material events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Gross profit/loss	1	2.887.576	(2.544.374)
Administrative expenses	1	<u>(968.884)</u>	<u>(462.005)</u>
Operating profit/loss		1.918.692	(3.006.379)
Other financial expenses		<u>(2.519)</u>	<u>(5.430)</u>
Profit/loss before tax		1.916.173	(3.011.809)
Tax on profit/loss for the year	2	<u>9.250.000</u>	<u>661.970</u>
Profit/loss for the year		<u>11.166.173</u>	<u>(2.349.839)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>11.166.173</u>	<u>(2.349.839)</u>
		<u>11.166.173</u>	<u>(2.349.839)</u>

Balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Other fixtures and fittings, tools and equipment		12.045.988	6.306.406
Property, plant and equipment	3	<u>12.045.988</u>	<u>6.306.406</u>
Deposits		241.313	0
Deferred tax	5	<u>9.250.000</u>	<u>0</u>
Fixed asset investments	4	<u>9.491.313</u>	<u>0</u>
Fixed assets		<u>21.537.301</u>	<u>6.306.406</u>
Trade receivables		260.767	55.439
Other receivables		613.920	603.088
Income tax receivable		0	668.835
Prepayments		<u>6.999</u>	<u>6.157</u>
Receivables		<u>881.686</u>	<u>1.333.519</u>
Cash		<u>478.117</u>	<u>188.307</u>
Current assets		<u>1.359.803</u>	<u>1.521.826</u>
Assets		<u>22.897.104</u>	<u>7.828.232</u>

Balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019</u> <u>DKK</u>	<u>2018</u> <u>DKK</u>
Contributed capital		500.000	500.000
Retained earnings		<u>9.285.809</u>	<u>(1.880.364)</u>
Equity		<u>9.785.809</u>	<u>(1.380.364)</u>
Trade payables		2.809.994	122.481
Payables to group enterprises		9.092.812	8.591.881
Other payables		<u>1.208.489</u>	<u>494.234</u>
Current liabilities other than provisions		<u>13.111.295</u>	<u>9.208.596</u>
Liabilities other than provisions		<u>13.111.295</u>	<u>9.208.596</u>
Equity and liabilities		<u>22.897.104</u>	<u>7.828.232</u>
Unrecognised rental and lease commitments	6		
Contingent liabilities	7		
Group relations	8		

Statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500.000	(1.880.364)	(1.380.364)
Profit/loss for the year	0	11.166.173	11.166.173
Equity end of year	500.000	9.285.809	9.785.809

Notes

	2019	2018
	DKK	DKK
1. Staff costs		
Wages and salaries	6.351.206	2.811.916
Other staff costs	<u>58.653</u>	<u>27.857</u>
	<u>6.409.859</u>	<u>2.839.773</u>
Average number of employees	<u>11</u>	<u>5</u>
	2019	2018
	DKK	DKK
2. Tax on profit/loss for the year		
Current tax	0	(661.970)
Change in deferred tax	<u>(9.250.000)</u>	<u>0</u>
	<u>(9.250.000)</u>	<u>(661.970)</u>
		Other fixtures and fittings, tools and equipment DKK
3. Property, plant and equipment		
Cost beginning of year		6.408.870
Additions		<u>7.058.026</u>
Cost end of year		<u>13.466.896</u>
Depreciation and impairment losses beginning of year		(102.464)
Depreciation for the year		<u>(1.318.444)</u>
Depreciation and impairment losses end of year		<u>(1.420.908)</u>
Carrying amount end of year		<u>12.045.988</u>

Notes

	Deposits	Deferred
	DKK	tax
	<u>DKK</u>	<u>DKK</u>
4. Fixed asset investments		
Additions	241.313	9.250.000
Cost end of year	241.313	9.250.000
Carrying amount end of year	241.313	9.250.000

5. Deferred tax

When preparing the annual report for 2019 Management has recognized a deferred tax asset of DKK 9.250.000 as per December 31, 2019. Management estimates that with the current activities in company, it will be possible within a shorter period of up to 5 years to utilize a previous tax loss carried forward. Based on the expected net income for the above period Management has recognized the deferred tax asset.

	2019	2018
	DKK	DKK
	<u>DKK</u>	<u>DKK</u>
6. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	3.588.251	1.788.980

7. Contingent liabilities

Entity participates in a Danish joint taxation arrangement where Nordic Bioscience Holding A/S serves as the administration company. 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 the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

8. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Nordic Bioscience Holding A/S, Herlev

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last 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 as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary write-down of inventories.

Also, provisions for loss on contract work in progress are recognised under production costs.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Administrative costs

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

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Accounting policies

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.

Balance sheet

Property, plant and equipment

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. For self-constructed assets, cost comprises direct costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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:

Other fixtures and fittings, tools and equipment	3-7 years
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Estimated useful lives and residual values are reassessed annually.

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. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

Receivables

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

Income 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.

Accounting policies

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.