SYNLAB Medical Digital Services A/S

Odeons Kvarter 19, 2. tv, 5000 Odense C

CVR no. 32 64 55 34

Annual report for 2021

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 25.05.22

Lars Henrik Andreasen
Dirigent

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Company information etc.

The company

SYNLAB Medical Digital Services A/S
Odeons Kvarter 19, 2. tv
5000 Odense C
Registered office: Danmark
CVR no.: 32 64 55 34
Financial year: 01.01 - 31.12

Executive Board

Lars Kold Holdt

Board of Directors

Lars Henrik Andreasen
Thomas Evans
Lars Kold Holdt

Auditors

Deloitte Statsautoriseret Revionspartnerselskab

Parent company

SYNLAB Holding Denmark ApS, Odense, Danmark

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.21 - 31.12.21 for SYNLAB Medical Digital Services A/S.

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

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.21 and of the results of the company's activities for the financial year 01.01.21 - 31.12.21.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Odense C, May 25, 2022

Executive Board

Lars Kold Holdt

Board of Directors

Lars Henrik Andreasen Chairman	Thomas Evans	Lars Kold Holdt

To the Shareholder of SYNLAB Medical Digital Services A/S

Opinion

We have audited the financial statements of SYNLAB Medical Digital Services A/S for the financial year 01.01.21 - 31.12.21, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.21 and of the results of the company's operations for the financial year 01.01.21 - 31.12.21 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing 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’ 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 responsibility for the financial statements

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

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance 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 International Standards on Auditing 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 International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.

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 regarding the 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 Acts. We did not identify any material misstatement of management's review.

Kolding, May 25, 2022

Deloitte Statsautoriseret Revionspartnerselskab
CVR no. 33963556

Morten Almtoft Lund
State Authorized Public Accountant
MNE-no. mne41365

Primary activities

The company's purpose is to conduct trading, manufactoring, service and consultancy and other related services at the discretion of the Board of Directors.

Development in activities and financial affairs

The income statement for the period 01.01.21 - 31.12.21 shows a profit of DKK 75,134,188 against DKK 26,183,364 for the period 01.01.20 - 31.12.20. The balance sheet shows equity of DKK 109,674,057.

The management considers the net profit for the year to be extremely satisfactory.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note		2021 DKK	2020 DKK
	Gross profit	**118,538,598**	**48,671,967**
1	Staff costs	-21,263,911	-14,488,158
2	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-895,518	-709,459
	Operating profit	**96,379,169**	**33,474,350**
3	Financial income	0	119,255
4	Financial expenses	-40,030	-27,970
	Profit before tax	**96,339,139**	**33,565,635**
5	Tax on profit for the year	-21,204,951	-7,382,271
	Profit for the year	**75,134,188**	**26,183,364**

Proposed appropriation account

Retained earnings	75,134,188	26,183,364
Total	**75,134,188**	**26,183,364**

Balance sheet

ASSETS

Note		31.12.21 DKK	31.12.20 DKK
	Completed development projects	1,579,130	2,051,909
6	**Total intangible assets**	**1,579,130**	**2,051,909**
	Leasehold improvements	722,346	0
	Other fixtures and fittings, tools and equipment	216,843	621,928
7	**Total property, plant and equipment**	**939,189**	**621,928**
8	Deposits	463,250	19,500
	Total investments	**463,250**	**19,500**
	Total non-current assets	**2,981,569**	**2,693,337**
	Trade receivables	23,956,303	10,667,803
	Receivables from group enterprises	131,119,365	38,839,271
	Other receivables	197,575	30,000
	Prepayments	536,094	568,047
	Total receivables	**155,809,337**	**50,105,121**
	Cash	**13,635,754**	**2,224,944**
	Total current assets	**169,445,091**	**52,330,065**
	Total assets	**172,426,660**	**55,023,402**

Balance sheet

EQUITY AND LIABILITIES

Note		31.12.21 DKK	31.12.20 DKK
	Share capital	500,000	500,000
	Reserve for development costs	1,338,056	1,600,489
	Retained earnings	107,836,001	32,439,380
	Total equity	**109,674,057**	**34,539,869**
	Provisions for deferred tax	304,322	428,953
	Total provisions	**304,322**	**428,953**
	Other payables	0	843,421
	Total long-term payables	**0**	**843,421**
	Trade payables	4,968,120	3,005,109
	Payables to group enterprises	1,534,332	1,534,332
	Income taxes	21,261,313	7,217,739
	Other payables	34,684,516	7,453,979
	Total short-term payables	**62,448,281**	**19,211,159**
	Total payables	**62,448,281**	**20,054,580**
	Total equity and liabilities	**172,426,660**	**55,023,402**

9 Contingent liabilities
10 Related parties

Statement of changes in equity

Figures in DKK	Share capital	Reserve for development costs	Retained earnings
Statement of changes in equity for 01.01.20 - 31.12.20			
Balance as at 01.01.20	500,000	863,929	6,992,576
Transfers to/from other reserves	0	736,560	-736,560
Net profit/loss for the year	0	0	26,183,364
Balance as at 31.12.20	500,000	1,600,489	32,439,380
Statement of changes in equity for 01.01.21 - 31.12.21			
Balance as at 01.01.21	500,000	1,600,489	32,439,380
Transfers to/from other reserves	0	-262,433	262,433
Net profit/loss for the year	0	0	75,134,188
Balance as at 31.12.21	500,000	1,338,056	107,836,001

Notes

	2021 DKK	2020 DKK

1. Staff costs

	2021 DKK	2020 DKK
Wages and salaries	17,153,011	10,042,424
Pensions	1,777,174	1,308,632
Other social security costs	173,497	147,102
Other staff costs	2,160,229	2,990,000
Total	21,263,911	14,488,158
Average number of employees during the year	21	16

2. Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment

	2021 DKK	2020 DKK
Amortisation of intangible assets	472,779	293,212
Depreciation of property, plant and equipment	422,739	416,247
Total	895,518	709,459

3. Financial income

	2021 DKK	2020 DKK
Interest, group enterprises	0	119,255
Total	0	119,255

4. Financial expenses

	2021 DKK	2020 DKK
Other interest expenses	36,420	27,970
Foreign exchange losses	3,610	0
Total	40,030	27,970

	2021 DKK	2020 DKK

5. Tax on profit for the year

Tax on profit or loss for the year	21,329,582	7,217,739
Adjustment of deferred tax for the year	-124,631	164,532
Total	21,204,951	7,382,271

6. Intangible assets

Figures in DKK	Completed development projects
Cost as at 01.01.21	2,363,894
Cost as at 31.12.21	2,363,894
Amortisation and impairment losses as at 01.01.21	-311,985
Amortisation during the year	-472,779
Amortisation and impairment losses as at 31.12.21	-784,764
Carrying amount as at 31.12.21	1,579,130

The development projects consist primarily of development on WebReq and WebPatient. To consolidate SYNLAB's solutions, WebReq is in the process of being transferred to PLASMA. WebPatient is developed especially for specialist medical practice.

The biggest development task in 2021 has been further development of PCR tests and vaccines.

WebBooking is further implemented around DK as a spin-off of the reservation in coronaprover.dk.

7. Property, plant and equipment

Figures in DKK	Leasehold improvements	Other fixtures and fittings, tools and equipment
Cost as at 01.01.21	0	2,107,427
Additions during the year	740,000	0
Cost as at 31.12.21	740,000	2,107,427
Depreciation and impairment losses as at 01.01.21	0	-1,485,499
Depreciation during the year	-17,654	-405,085
Depreciation and impairment losses as at 31.12.21	-17,654	-1,890,584
Carrying amount as at 31.12.21	722,346	216,843

8. Non-current financial assets

Figures in DKK	Deposits
Cost as at 01.01.21	19,500
Additions during the year	443,750
Cost as at 31.12.21	463,250
Carrying amount as at 31.12.21	463,250

9. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity of 20 months and average lease payments of DKK 7k, a total of DKK 140k.

The company has entered into a lease on commercial lease. The contract is interminable until 1 May 2029, when it can be terminated with 6 months notice. The annual rent amounts to DKK 800k.

9. Contingent liabilities - continued -

Other contingent liabilities

The Entity participates in a Danish joint taxation arrangement where SYNLAB Holding Denmark ApS 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.

10. Related parties

The company is included in the consolidated financial statements of the parent SYNLAB Bondco PLC, 2 Portman Street, London W1H 6DU, United Kingdom.

11. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

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

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

11. Accounting policies - continued -

LEASES

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

INCOME STATEMENT

Gross profit

Gross profit comprises revenue, work performed for own account and capitalised and raw materials and consumables and other external expenses.

Revenue

Income from the sale of services is recognised in the income statement as delivery takes place (delivery method). Revenue is measured at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Work performed for own account and capitalised

Work performed for own account and capitalised comprises cost of sales, wages and salaries and other internal expenses incurred during the year and included in the cost of self-constructed or self-produced intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

11. Accounting policies - continued -

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Completed development projects	5	0
Leasehold improvements	7	0
Other plant, fixtures and fittings, tools and equipment	5	0

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

11. Accounting policies - continued -

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Intangible assets

Completed development projects

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the ‘Depreciation, amortisation and impairment losses’ section.

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

11. Accounting policies - continued -

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

11. Accounting policies - continued -

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

An amount equivalent to internally generated development costs in the balance sheet is recognised in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

11. Accounting policies - continued -

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.