

**Grit42 A/S**  
**Trekronergade 126 F, 3 tv., 2500 Valby**

**Company reg. no. 35 63 81 80**

**Annual report**

**1 January - 31 December 2019**

The annual report was submitted and approved by the general meeting on the 24 February 2020.

---

**Henrik Frimodt Christensen**  
Chairman of the meeting

Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

## **Contents**

---

	<b><u>Page</u></b>
<b>Reports</b>	
Management's report	1
Independent auditor's report	2
<b>Management's review</b>	
Company data	5
Management's review	6
<b>Annual accounts 1 January - 31 December 2019</b>	
Accounting policies used	7
Profit and loss account	11
Balance sheet	12
Notes	14

## **Management's report**

---

The board of directors and the managing director have today presented the annual report of Grit42 A/S for the financial year 1 January to 31 December 2019.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2019 and of the company's results of its activities in the financial year 1 January to 31 December 2019.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Valby, 24 February 2020

### **Managing Director**

Claus Stie Kallesøe

### **Board of directors**

Henrik Fritmodt Christensen

Erik Lottrup Thomsen

Claus Stie Kallesøe

Jacob Flemming Hansen

## **Independent auditor's report**

---

### **To the shareholders of Grit42 A/S**

#### **Opinion**

We have audited the annual accounts of Grit42 A/S for the financial year 1 January to 31 December 2019, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Statements Act.

#### **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 below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

#### **The management's responsibilities for the annual accounts**

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the annual accounts**

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an 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 may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

## **Independent auditor's report**

---

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

### **Statement on the management's review**

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

## **Independent auditor's report**

---

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not find any material misstatement in the management's review.

Hillerød, 24 February 2020

### **Grant Thornton**

State Authorised Public Accountants  
Company reg. no. 34 20 99 36

### **Claus Koskelin**

State Authorised Public Accountant  
mne30140

## **Company data**

---

### **The company**

Grit42 A/S  
Trekronergade 126 F, 3 tv.  
2500 Valby

Company reg. no. 35 63 81 80  
Domicile: Denmark  
Financial year: 1 January - 31 December

### **Board of directors**

Henrik Fritmodt Christensen  
Erik Lottrup Thomsen  
Claus Stie Kallesøe  
Jacob Flemming Hansen

### **Managing Director**

Claus Stie Kallesøe

### **Auditors**

Grant Thornton, Statsautoriseret Revisionspartnerselskab  
Nordstensvej 11  
3400 Hillerød

## **Management's review**

---

### **The principal activities of the company**

The company's main activity is to conduct software development and service as well as related business.

### **Uncertainties as to recognition or measurement**

There have been no significant uncertainties or unusual circumstances that have affected the recognition or measurement.

### **Development in activities and financial matters**

We have finished the 6th fiscal year at grit42 A/S (Gritsystems A/S) and we therefore believe a status and some changes are due. We are a stable software development (product) company and have secured profits every year. We are bootstrapped with no external funding and the owner group still comprises the 4 founders. We have continuously developed our software platform since the inception in 2014 and now have a both broad and deep - and customer validated - platform for biopharma drug discovery data management being used daily in production at several customers. On top of this we have recently secured funding from EU/IMI via two new projects over the next 6 years (Total funding budget of DKK 15 Mill). Hence, we are entering a new 6 year era and this will be marked with the following changes:

1. The legal name of our entity is changed to grit42. The annual report will from now - as you can see - be delivered in English.
2. As the software platform exist, have been validated by customers and are used in production we will from the 2019 annual report initiate capitalisation of the platform development costs.

The company's results and financial development are considered satisfactory.

### **The expected development**

The company expects a positive result for the coming year.

### **Events subsequent to the financial year**

No significant events have occurred after the balance sheet date, which are considered to have a material impact on the assessment of the annual report.



## **Accounting policies used**

---

The annual report for Grit42 A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

### **Recognition and measurement in general**

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

### **Translation of foreign currency**

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

## **The profit and loss account**

### **Gross profit**

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

## **Accounting policies used**

---

The net turnover comprises the value of services provided during the year, including outlay for customers less VAT and price reductions directly associated with the sale.

The turnover is recognised in the profit and loss account when the sale has been completed. This is generally considered to be the case when:

- The service has been provided before the end of the financial year
- There is a binding sales agreement
- The sales price has been determined
- The payment has been received, or it can with reasonable assurance be expected to be received.

Hereby, it is ensured that recognition does not take place until the total income and costs as well as the scope of completion on the balance sheet date can be determined reliably, and when it is likely that the economic benefits, including payments, will be received by the enterprise.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

### **Staff costs**

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

### **Depreciation, amortisation and writedown**

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

### **Net financials**

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Interest and other costs concerning loans for financing the production of intangible and tangible fixed assets and concerning the production period are not recognised in the cost of the fixed asset.

### **Tax of the results for the year**

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

## **Accounting policies used**

---

### The balance sheet

#### **Intangible fixed assets**

##### **Development projects, patents, and licences**

Development costs and internally generated rights are capitalized and depreciated over 3 years.

Gain and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Gain or loss are recognised in the profit and loss account as other operating income or other operating expenses respectively.

#### **Writedown of fixed assets**

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

#### **Debtors**

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

#### **Available funds**

Available funds comprise cash at bank and in hand.

#### **Equity**

##### **Reserves for development costs**

Reserves for development costs comprise recognised development costs with deduction of related deferred tax liabilities. The reserves can not be used as dividend or for payment of losses. The reserves are reduced or dissolved if the recognised development costs are amortised or abandoned. This takes place by direct transfer to the distributable reserves of the equity.

## **Accounting policies used**

---

### **Dividend**

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

### **Corporate tax and deferred tax**

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

### **Liabilities**

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

## Profit and loss account 1 January - 31 December

---

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
<b>Gross profit</b>	<b>5.072.880</b>	<b>4.934.010</b>
1 Staff costs	-2.126.006	-4.060.973
Amortisation and writedown relating to intangible fixed assets	-238.000	-40.000
<b>Operating profit</b>	<b>2.708.874</b>	<b>833.037</b>
Other financial income	28	0
Other financial costs	-15.623	-21.332
<b>Results before tax</b>	<b>2.693.279</b>	<b>811.705</b>
Tax on ordinary results	-597.036	-180.582
<b>Results from ordinary activities after tax</b>	<b>2.096.243</b>	<b>631.123</b>
<b>Results for the year</b>	<b>2.096.243</b>	<b>631.123</b>
 <b>Proposed distribution of the results:</b>		
Dividend for the financial year	1.200.000	600.000
Allocated to results brought forward	896.243	31.123
<b>Distribution in total</b>	<b>2.096.243</b>	<b>631.123</b>

**Balance sheet 31 December**

All amounts in DKK.

<b>Assets</b>		
<u>Note</u>	<u>2019</u>	<u>2018</u>
<b>Fixed assets</b>		
Completed development projects, including patents and similar rights arising from development projects	1.818.667	76.667
Intangible fixed assets in total	1.818.667	76.667
<b>Fixed assets in total</b>	<b>1.818.667</b>	<b>76.667</b>
<b>Current assets</b>		
Trade debtors	1.383.528	1.411.063
Debtors in total	1.383.528	1.411.063
Available funds	3.652.494	2.142.333
<b>Current assets in total</b>	<b>5.036.022</b>	<b>3.553.396</b>
<b>Assets in total</b>	<b>6.854.689</b>	<b>3.630.063</b>

**Balance sheet 31 December**

All amounts in DKK.

<b>Equity and liabilities</b>		
<u>Note</u>	<u>2019</u>	<u>2018</u>
<b>Equity</b>		
Contributed capital	500.000	500.000
Reserve for development expenditure	1.389.960	0
Results brought forward	1.319.634	1.813.351
Proposed dividend for the financial year	1.200.000	600.000
<b>Equity in total</b>	<b><u>4.409.594</u></b>	<b><u>2.913.351</u></b>
<b>Provisions</b>		
Provisions for deferred tax	400.107	16.867
<b>Provisions in total</b>	<b><u>400.107</u></b>	<b><u>16.867</u></b>
<b>Liabilities</b>		
2 Other debts	38.113	0
Long-term liabilities in total	38.113	0
Bank debts	18.991	23.023
Prepayments received from customers	1.370.078	0
Corporate tax	63.891	32.382
Other debts	553.915	644.440
Short-term liabilities in total	2.006.875	699.845
<b>Liabilities in total</b>	<b><u>2.044.988</u></b>	<b><u>699.845</u></b>
<b>Equity and liabilities in total</b>	<b><u>6.854.689</u></b>	<b><u>3.630.063</u></b>

## Notes

---

All amounts in DKK.

	<u>2019</u>	<u>2018</u>
<b>1. Staff costs</b>		
Salaries and wages	1.538.832	3.485.463
Pension costs	544.200	533.540
Other costs for social security	<u>42.974</u>	<u>41.970</u>
	<b><u>2.126.006</u></b>	<b><u>4.060.973</u></b>
Average number of employees	<u>6</u>	<u>6</u>
<b>2. Other debts</b>		
<b>Other debts in total</b>	<b><u>38.113</u></b>	<b><u>0</u></b>
Share of liabilities due after 5 years	<u>0</u>	<u>0</u>