Dansk Revision Odense
Godkendt revisionsaktieselskab
Langelinie 79
DK-5230 Odense M
Odense@danskrevision.dk
www.danskrevision.dk
Telefon: +45 66 13 03 31
CVR: DK 82 21 89 12
Bank: 6845 0286429

Evosep ApS

Buchwaldsgade 35, 3.
5000 Odense C

CVR No. 37510068

Annual Report

1 January 2023 – 31 December 2023

The annual report was presented and adopted at the Annual General Meeting of the Company on 7 March 2024

Ania Pacyk Nielsen
Chairman of the General Meeting

Contents

Company Information

The Company
Evosep ApS
Buchwaldsgade 35, 3.
5000 Odense C

Municipality of reg. office:	Odense
CVR No.:	37510068
Financial period:	1 January 2023 – 31 December 2023

Board of Directors
Ole Vorm
Stephen Neil van Helden
Tonni Bülow-Nielsen

Executive Board
Morten Bern

Auditors
Dansk Revision Odense
Godkendt revisionsaktieselskab
Langelinie 79
5230 Odense M

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Evosep ApS for the financial year 1 January 2023 - 31 December 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Consolidated Financial Statements and the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Group and the Company and of the results of the Group and Company operations and of consolidated cash flows for 2023.

In our opinion the Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Odense, 7 March 2024

Executive Board:

Morten Bern

Board of Directors:

Ole Vorm
Chairman

Stephen Neil van Helden

Tonni Bülow-Nielsen

Independent Auditor's Report

To the shareholders of Evosep ApS

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Evosep ApS for the financial year 1 January to 31 December 2023 which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as for the Parent Company, as well as consolidated statement of cash flows. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2023 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January to 31 December 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 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 Group 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 consolidated financial statements and parent company 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 Group's and 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 Group or 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 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

Independent Auditor's Report

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 judgment 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 Group's and 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 Group's and 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 Group and 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on Management's Review

Management is responsible for Management's Review. Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Independent Auditor's Report

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 Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not identify any material misstatement in Management's Review.

Odense M, 7 March 2024

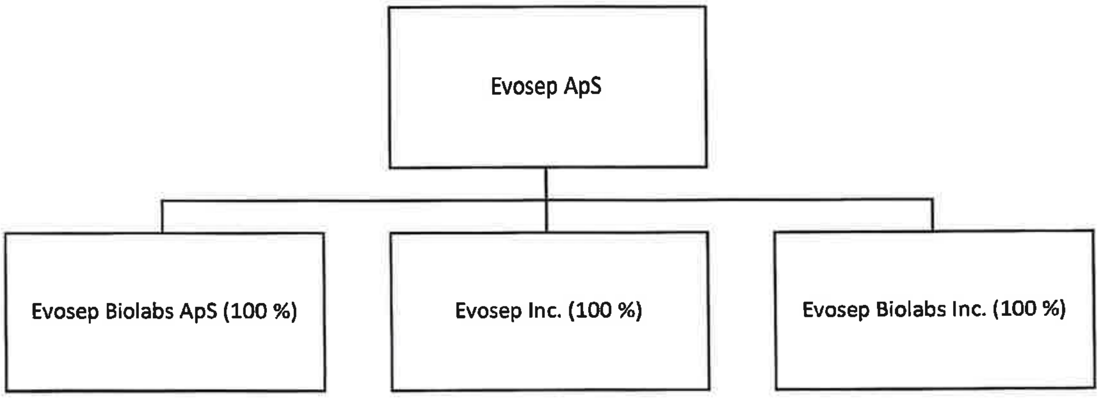
Dansk Revision Odense
Godkendt revisionsaktieselskab, CVR No. 82218912

Søren Rudolph
Partner, State Authorised Public Accountant
mne27789

Management's Review

Group Chart

Evosep ApS' ownership interest indicated in percent after the company name.



Operating Review

Principal activities

The main activities of the Group include development and marketing of laboratory equipment, including chromatography instruments and associated consumables and other related activities.

During the financial year of 2023, the Group expanded by establishing three new subsidiaries. The current composition of the Group includes Evosep ApS, Evosep Biolabs ApS, Evosep Inc., and Evosep Biolabs Inc.

Development in activities and financial position

The Income Statement for 2023 shows a profit before tax of mDKK 24, which, is considered satisfactory by the management.

As of 31 December 2023, the Balance Sheet reflects an equity of mDKK 253, corresponding to a Solvency Ratio of 91.8%.

Outlook

Entering 2024, the Group's main activities will remain unchanged. Compared to 2023, the profit before tax is expected decrease to a range of mDKK 3-8, as a result of substantial investments into market development and scalability.

Intellectual capital

The Group employs several highly skilled team members across the organization. Various functions within the business require specialization to drive impact.

Therefore, retention of our employees is a key focus, along with the ability to attract new key talent.

Management's Review

Research and development activities

The Group continued to invest in Research and Development within Proteomics in order to continuously provide the best possible solutions to the market.

Subsequent events

No events materially affecting the Group's financial position have occurred subsequent to the financial year-end.

Risks

Operational risks

The primary operational risks faced by the Group pertain to ensuring the timely and agreed-upon delivery of our core products and services to customers. To address these risks, we maintain an adequate inventory and management deems the risk profile to be low.

Financial risks

Given the Group's activities across the world, profit as well as cash flow and equity are under impact from FX rate development between the following currencies: DKK, USD, EUR, CHF & CAD.

No hedging is performed to meet fluctuations unless the risk is considered substantial.

With a positive cash balance, the Group has exposure to the general interest rates, and the Group's profit will be affected negatively by a potential decrease in rates. The development is continuously evaluated, but no hedging is currently performed.

Management's Review - Financial Highlights

	Group				
	2023 TDKK	2022 TDKK	2021 TDKK	2020 TDKK	2019 TDKK
Key figures					
Gross profit	60.178	53.510	36.956	21.644	9.017
Operating profit/loss	20.941	-110.263	20.872	8.775	-270
Net financials	3.067	903	266	-923	94
Net profit/loss for the year	19.777	-79.619	16.675	6.169	-141
Balance sheet					
Balance sheet total	275.306	112.240	56.768	36.957	24.116
Equity	252.714	-34.406	45.214	28.538	22.369
Investments in property, plant and equipment	16.862	6.882	4.218	2.597	30
Ratios					
Return on assets Profit/loss from operating activities as a pertentage of average assets	10,8%	-130,5%	44,5%	28,7%	-1,1%
Solvency ratio Equity, year-end as a pertentage of balance sheet total, year-end	91,8%	-30,7%	79,6%	77,2%	92,8%
Average number of full-time employees	42	30	20	15	13

Note	Income Statement 1 January – 31 December	Group 2023 TDKK	Group 2022 TDKK	Parent Company 2023 TDKK	Parent Company 2022 TDKK
	Gross profit	60.178	53.510	60.355	53.510
1	Staff expenses	-33.698	-154.329	-33.698	-154.329
	Depreciation, amortisation and impairment losses; property, plant and equipment	-4.839	-2.383	-4.839	-2.383
	Write-downs of current assets exceeding normal write-downs	-700	0	-700	0
	Other operating expenses	0	-7.061	0	-7.061
	Profit/loss before financial income and expenses	**20.941**	**-110.263**	**21.118**	**-110.263**
	Income from investments in subsidiaries	0	0	-178	0
	Financial income	4.749	1.385	4.749	1.385
	Financial expenses	-1.682	-482	-1.681	-482
	Profit/loss before tax	**24.008**	**-109.360**	**24.008**	**-109.360**
2	Tax on profit/loss for the year	-4.231	29.741	-4.231	29.741
	Net profit/loss for the year	**19.777**	**-79.619**	**19.777**	**-79.619**

Note	Balance Sheet 31 December				
	ASSETS				
		Group		**Parent Company**	
		2023	**2022**	**2023**	**2022**
		TDKK	**TDKK**	**TDKK**	**TDKK**
3	Leasehold improvements	1.168	738	1.168	738
3	Other fixtures and fittings, tools and equipment	21.285	9.287	21.285	9.287
3	Property, plant and equipment in progress	0	405	0	405
	Property, plant and equipment	**22.453**	**10.430**	**22.453**	**10.430**
4	Investments in subsidiaries	0	0	38	0
5	Deposits	3.441	442	3.434	442
	Fixed asset investments	**3.441**	**442**	**3.472**	**442**
	Fixed assets	**25.894**	**10.872**	**25.925**	**10.872**

Note	Balance Sheet 31 December	Group		Parent Company	
		2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
	Raw materials and consumables	10.969	8.512	10.969	8.512
	Finished goods and goods for resale	20.592	12.236	20.592	12.236
	Prepayments for goods	0	210	0	210
	Inventories	**31.561**	**20.958**	**31.561**	**20.958**
	Trade receivables	26.146	22.836	26.146	22.836
	Tax receivables from group enterprises	0	5.500	0	5.500
	Other receivables	1.010	412	1.010	412
6	Receivables from owners and management	5.500	0	5.500	0
7	Deferred tax asset	20.300	24.000	20.300	24.000
8	Prepayments	2.400	585	2.400	585
	Receivables	**55.356**	**53.333**	**55.356**	**53.333**
	Cash at bank and in hand	**162.495**	**27.077**	**162.458**	**27.077**
	Current assets	**249.412**	**101.368**	**249.375**	**101.368**
	Assets	**275.306**	**112.240**	**275.300**	**112.240**

Note	Balance Sheet 31 December				
	LIABILITIES AND EQUITY				
		Group		**Parent Company**	
		2023 TDKK	**2022 TDKK**	**2023 TDKK**	**2022 TDKK**
9	Share capital	207	162	207	162
	Retained earnings	252.507	-34.568	252.507	-34.568
	Equity	**252.714**	**-34.406**	**252.714**	**-34.406**
4	Negative value of investments in subsidiaries	0	0	80	0
	Provisions	**0**	**0**	**80**	**0**
	Other payables	0	962	0	962
10	Deferred income	2.333	0	2.333	0
11	**Long-term debt**	**2.333**	**962**	**2.333**	**962**

Note	Balance Sheet 31 December	Group 2023 TDKK	Group 2022 TDKK	Parent Company 2023 TDKK	Parent Company 2022 TDKK
	Trade payables	7.242	2.473	7.242	2.473
	Corporation tax	531	0	531	0
	Other payables	10.169	142.878	10.083	142.878
10	Deferred income	2.317	333	2.317	333
	Short-term debt	**20.259**	**145.684**	**20.173**	**145.684**
	Debt	**22.592**	**146.646**	**22.506**	**146.646**
	Liabilities and equity	**275.306**	**112.240**	**275.300**	**112.240**

12 Proposed distribution of profit

13 Contingent liabilities

14 Contractual obligations

15 Charges and securities

16 Related parties

Statement of Changes in Equity

	Share capital	Share premium account	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Group and Parent Company				
Equity at 1 January 2023	162	0	-34.568	-34.406
Capital increase after costs related to the increase	45	267.294	0	267.339
Share premium account transferred to retained earnings	0	-267.294	267.294	0
Exchange adjustments	0	0	4	4
Net profit/loss for the year	0	0	19.777	19.777
Equity at 31 December 2023	**207**	**0**	**252.507**	**252.714**

Note	Cash Flow Statement 1 January - 31 December	Group 2023 TDKK	Group 2022 TDKK
	Net profit/loss for the year	19.777	-79.619
17	Adjustments	6.703	-28.261
18	Change in working capital	-140.647	125.144
	Cash flows from operating activities before financial income and expenses	**-114.167**	**17.264**
	Financial income	4.749	1.385
	Financial expenses	-1.682	-482
	Cash flows from ordinary activities	**-111.100**	**18.167**
	Corporation tax refunded/paid	0	-5.058
	Cash flows from operating activities	**-111.100**	**13.109**
	Purchase of property, plant and equipment	-16.862	-6.882
	Fixed asset investments made etc.	-2.999	-28
	Cash flows from investing activities	**-19.861**	**-6.910**
	Capital increase after costs related to the increase	267.339	0
	Repayment of other long-term payables	-960	0
	Cash flows from financing activities	**266.379**	**0**
	Change in cash and cash equivalents	**135.418**	**6.199**
	Cash and cash equivalents at 1 January	27.077	20.878
	Cash and cash equivalents at 31 December	**162.495**	**27.077**

Notes

		Group		Parent Company	
		2023 TDKK	2022 TDKK	2023 TDKK	2022 TDKK
1	**Staff expenses**				
	Wages and salaries	31.564	151.028	31.564	151.028
	Pensions	132	2.117	132	2.117
	Other social security expenses	796	538	796	538
	Other staff expenses	1.206	646	1.206	646
		33.698	**154.329**	**33.698**	**154.329**
	including remuneration to the Executive Board of:				
	Wages and salaries	2.418		2.418	
	Pensions	8		8	
	Other social security expenses	3		3	
		2.429	*)	**2.429**	*)

There has been 2 members of the Executive Board during 2023 and 1 member in 2022.

No remuneration has been paid to the Board of Directors in 2023 and 2022 for their roles as Board members.

*) By reference to section 98b (3), (ii), of the Danish Financial Statements Act, remuneration to the Executive Board is not disclosed for 2022.

		2023	2022	2023	2022
	Average number of full-time employees	**42**	**30**	**42**	**30**
2	**Tax on profit/loss for the year**				
	Current tax for the year	531	-5.500	531	-5.500
	Deferred tax for the year	3.700	-24.241	3.700	-24.241
		4.231	**-29.741**	**4.231**	**-29.741**

Notes

3 Property, plant and equipment

Group and Parent Company

	Leasehold improvements 2023 TDKK	Other fixtures and fittings, tools and equipment 2023 TDKK	Property, plant and equipment in progress 2023 TDKK
Cost at 1 January 2023	1.310	12.888	405
Additions for the year	729	16.538	0
Disposals for the year	0	0	-405
Cost at 31 December 2023	**2.039**	**29.426**	**0**
Impairment losses and depreciation at 1 January 2023	-573	-3.600	0
Impairment and depreciation for the year	-298	-4.541	0
Impairment losses and depreciation at 31 December 2023	**-871**	**-8.141**	**0**
Carrying amount at 31 December 2023	**1.168**	**21.285**	**0**

Notes

4 Investments in subsidiaries

Parent Company

	2023 TDKK
Cost at 1 January 2023	0
Additions for the year	41
Cost at 31 December 2023	**41**
Value adjustments at 1 January 2023	0
Exchange adjustment	3
Net profit/loss for the year	-178
Transferred to impairment of receivables from group enterprises	92
Value adjustments at 31 December 2023	**-83**
Carrying amount at 31 December 2023	**-42**

The carrying amount is included in the balance sheet as follows:

Fixed asset investments	38
Provisions	-80
	-42

Name	Place of registered office	Votes and ownership
Evosep Biolabs ApS	Odense, Denmark	100%
Evosep Inc.	Massachusetts, USA	100%
Evosep Biolabs Inc.	Massachusetts, USA	100%

Notes

5 Deposits

	Group	Parent Company
	2023	2023
	TDKK	TDKK
Cost at 1 January 2023	442	442
Additions for the year	2.999	2.992
Cost at 31 December 2023	**3.441**	**3.434**
Carrying amount at 31 December 2023	**3.441**	**3.434**

6 Receivables from owners and management

Group and Parent Company

Receivables from owners and management include tax receivables of TDKK 5.500 from the Parent Company's former parent company and were included in the accounts for 2022 under the item "Tax receivables from group enterprises". The receivable does not bear interest.

	Group		Parent Company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
7 Deferred tax asset				
Deferred tax asset at 1 January	24.000	-241	24.000	-241
Deferred tax for the year	-3.700	24.241	-3.700	24.241
	20.300	**24.000**	**20.300**	**24.000**

Deferred tax asset is composed of tax losses carried forward as well as temporary differences between the tax base of assets and liabilities and their carrying amount, primarily property, plant and equipment and prepayments.

When recognising and measuring the deferred tax asset, special emphasis is placed on the assumption that tax losses are expected to be used over the next 3-5 years by offsetting expected profits as a result of the increased operating activity and earnings in the Group and Parent Company. There is, by nature, an uncertainty attached to the level of the Group and Parent Company's future earnings.

Notes

8 **Prepayments**

Group and Parent Company

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions etc.

9 **Share capital**

Share capital consists of (DKK):	
227.776 A shares at a nominal value of DKK 0,50	113.888
95.900 B shares at a nominal value of DKK 0,50	47.950
90.585 C shares at a nominal value of DKK 0,50	45.293
I alt	207.131

In 2023, the share capital has been increased by 90.585 C shares at a nominal value of DKK 0,50, corresponding to nominal DKK 45.293. The total capital increase incl. share premium amounts to DKK 280 million before costs related to the increase and DKK 267 million after costs related to the increase.

10 **Deferred income**

Group and Parent Company

Deferred income consists of payments received in respect of income in subsequent years, primarily service agreements and leasing agreements as well as project grants.

		Group		Parent Company	
		2023 TDKK	2022 TDKK	2023 TDKK	2022 TDKK
11	**Long-term debt**				
	Part of the debt falling due after 5 years	0	0	0	0
12	**Proposed distribution of profit**				
	Retained earnings	19.777	-79.619	19.777	-79.619
		19.777	**-79.619**	**19.777**	**-79.619**

Notes

13 Contingent liabilities

Parent Company

The Danish group companies are jointly and severally liable for tax on the jointly taxed income of the Group. Total accrued corporation tax of the Group amounts to TDKK 531. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, royalty tax and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Group's liability.

14 Contractual obligations

Group and Parent Company

The Group and Parent Company's total liability regarding tenancies amounts to DKK 26,9 million as follows:

- The Group and Parent Company has terminated the current tenancy, which expire in March 2026. The total obligation in the period until March 2026 amounts to DKK 3,3 million.
- The Group and Parent Company has entered into a contract for a new tenancy that can be terminated in June 2029 at the earliest. The total obligation in the period until June 2029 amounts to DKK 23,6 million.

15 Charges and securities

None.

Notes

16 Related parties

Controlling interest

No related parties have a controlling interest.

Other related parties

	Basis
Ole Vorm, Nr. Lyndelse Vej 1, Højby, 5260 Odense S	Member of the Board of Directors
Tonni Bülow-Nielsen, Doktorvænget 7, 2960 Rungsted Kyst	Member of the Board of Directors
Stephen Neil van Helden, USA	Member of the Board of Directors

Related party transactions

Evosep ApS discloses information on all transactions with related parties during the year. In 2023, there have been the following transactions:

- Receivables from subsidiaries amounts to TDKK 92.

Remuneration to the Executive Board is disclosed in note 1.

Notes

		Group	
		2023	2022
		TDKK	TDKK
17	**Cash flow statement - adjustments**		
	Depreciation, amortisation and impairment losses	5.539	2.383
	Financial income	-4.749	-1.385
	Financial expenses	1.682	482
	Tax on profit/loss for the year	4.231	-29.741
		6.703	**-28.261**

		Group	
		2023	2022
		TDKK	TDKK
18	**Cash flow statement - change in working capital**		
	Change in inventories	-11.304	-10.636
	Change in receivables	-5.723	-5.999
	Change in trade payables, etc.	-123.620	141.779
		-140.647	**125.144**

Accounting policies

General
The Annual Report has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

Consolidated and Parent Company Financial Statements are presented in TDKK.

Changes in accounting policies
The accounting policies have been changed as follows:

Indirect production costs are included in the cost of manufactured finished goods and goods under manufacture. So far, indirect production costs were not included in the cost. The change is due to the fact that from 2023 the company is covered by the Danish Financial Statements Act's provisions for a medium-sized class C enterprise, against the previous provisions for a class B company. Comparative figures for previous years, i.e. 2022 and in the Financial Highlights, are not adapted to the changed accounting policies, by reference to section 78 (7), (1), of the Danish Financial Statements Act.

The cumulative effect of the change of policies is an increase of the results for the year before tax of TDKK 1.234. The year's tax on the change of policies is TDKK 271, leading to an increase in the results for the year after tax of TDKK 963. The balance sheet total is increased by TDKK 1.234, whereas equity at 31 December 2023 is increased by TDKK 963.

Except for this change, the accounting policies are consistent with those applied last year.

General principles for recognition and measurement
Assets are recognised in the statement of financial position when it is probable that future economic benefits will flow to the Company and the value of the asset can be measured reliably.

Liabilities are recognised in the statement of financial position when it is probable that future economic benefits will flow out of the Company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

On recognition and measurement, foreseeable losses and risks are taken into consideration, arising before the annual report is prepared and proving or disproving matters existing on the statement of financial position date.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Also recognised are expenses incurred to generate the earnings for the year, including depreciation, amortisation impairment losses and provisions, as well as reversals resulting from changes in accounting estimates of amounts previously recognised in the income statement.

Accounting policies

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Evosep ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50 % of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20 % and 50 % of the votes and exercises significant influence but not control are classified as associates.

A Group Chart comprising companies in which the Parent Company exercises control is stated in the Management's Review.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

On acquisition of subsidiaries, the difference between cost of acqusition and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities haven been adjusted to fair value (the purchase method). Any remaining positive differences are recognised in "Intangible assets" as goodwill and are amortised in the income statement on a straight-line basis over estimated useful life. Any remaining negative differences are immediately recognised in the income statement.

Foreign currency translation

During the year, foreign currency transactions are translated at the exchange rates prevailing on the transaction date. Foreign currency receivables, payables and other items that have not been settled on the statement of financial position date are translated at the exchanges rates prevailing on the statement of financial position date.

Realised and unrealised foreign currency translation adjustments are recognised in the income statement under net financials.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Exchange adjustments of balances with independent foreign entities, measured according to the equity method, and where the balance is considered part of the total investment, are recognised directly in equity under "Reserve for currency translation". Upon disposal of the independent foreign entities, the accumulated exchange rate differences are recognised in the income statement.

Accounting policies

Financial instruments are not used to hedge the value expressed in Danish currency of statement of financial position items in foreign currencies and future foreign currency transactions.

Income statement

Revenue
Revenue is recognised in the income statement if the delivery and passing of risk to the buyer have taken place before the end of the financial year. Revenue is recognised exclusive of VAT and less sales discounts.

Gross profit
Revenue plus other operating income less expenses for raw materials and consumables and other external expenses are aggregated in the item "Gross profit".

Other operating income and expenses
Other operating income and expenses include items of a secondary nature to the Group and Parent Company's principal activity.

Other external expenses
Other external expenses include expenses relating to research, trials, sale, advertising, administration, premises, bad debts, operating lease expenses etc.

Staff expenses
Staff expenses include wages and salaries and social security costs, pensions etc. for the Group and Parent Company's staff.

Write-downs of current assets exceeding normal write-downs
Write-downs of current assets exceeding normal write-downs comprise write-downs of inventories, trade receivables and other current assets that due to their nature or size or otherwise due to the affairs of the Group and Parent Company are considered to exceed normal write-downs.

Income from investments in group enterprises
Income from investments in group enterprises is recognised in the income statement for the Parent Company at the proportionate share of the enterprises' income or loss after adjustment to eliminate intercompany profits or losses.

Financial income and expenses
Net financials include interest income and expenses, realised and unrealised capital gains and losses from foreign currency receivables, payables and transactions and surcharges and allowances under the tax prepayment scheme etc.

Accounting policies

Tax on net income or loss for the year

Tax for the year, comprising current tax for the year and changes in deferred tax for the year, is recognised in the income statement as the share attributable to net income or loss for the year, and directly in equity as the share attributable to entries directly to equity.

The Company is subject to Danish regulations on compulsory joint taxation of the Parent Company and its Danish subsidiaries. The Parent Company is the administration company in the joint taxation scheme and thus settles all income tax payments with the tax authorities.

For settlement of the joint tax contribution, the current Danish income tax is distributed between the jointly taxed companies in proportion to their taxable income. Under the joint taxation scheme, companies with tax losses receive joint tax contributions from companies that have been able to use these losses (full allocation).

Balance sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation. Property, plant and equipment are depreciated on a straight-line basis, based on an estimate of the useful life and residual value of each asset.

The basis of depreciation is cost less estimated residual value at the end of the useful life. Cost includes the cost of acquisition and expenses directly related to the acquisition until the asset is ready for use.

The depreciation period and residual value are determined at the time of acquisition and will be reassessed on an annual basis. If the residual value of the asset exceeds its book value, depreciation will be discontinued. When there is a change in the depreciation period or residual value, the effect on depreciation will be recognised on a forward-looking basis as a change in the accounting estimate.

Estimated useful lives are included as follows:	Depreciation period	Residual value
Leasehold improvements	5 years	0 %
Other plant, fixtures and operating equipment	3-5 years	0 %

Profit or loss on the disposal of property, plant and equipment is determined as the difference between the selling price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement under other operating income or other operating expenses.

Impairment losses on non-current assets

The carrying amount of intangible assets and property, plant and equipment is assessed every year to determine whether there are indications of any impairment of value beyond what is expressed in the amortisation and depreciation charges.

If there are indications of impairment, an impairment test must be carried out for each individual asset or group of assets, respectively. An impairment charge is taken against the recoverable amount of the assets.

Accounting policies

The higher of the net selling price and the value in use is used as the recoverable amount. The value in use is determined as the present value of the estimated net income from the use of the asset or asset group.

Investments
Investments in group enterprises are recognised using the equity method. The share of the net income or loss for the year is recognised in the income statement. In the statement of financial position, the proportionate ownership interest of the equity value is measured, determined using the Parent Company's accounting policies, adjusted for unrealised intercompany profits or losses.

Group enterprises with a negative equity value are recognised at DKK 0, and any receivables from these enterprises are written down by the Parent Company's share of the negative equity value to the extent that the receivable is deemed uncollectible. If the negative equity value exceeds receivables, the remaining amount of the negative equity value is recognised under provisions to the extent that the Parent Company has a legal or constructive obligation to cover the negative balances of these enterprises.

Total net revaluation of investments in group enterprises is transferred via distribution of net income to "Reserve for net revaluation according to the equity method" under equity. The reserve is reduced by dividend distributions to the Parent Company and adjusted by other changes in equity in group enterprises.

Deposits are measured at cost.

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables
Receivables are measured in the statement of financial position at amortised cost, usually equivalent to nominal value. The value is reduced by write-downs for expected losses following an assessment of each receivable.

Prepayments
Prepayments include expenses incurred in respect of subsequent financial years.

Accounting policies

Cash and cash equivalents

Cash comprises cash at bank.

Payables

Payables are measured at amortised cost, equivalent to nominal value.

Tax payable and deferred tax

Current tax liabilities and tax receivable are measured in the statement of financial position as tax calculated on the taxable income for the year, adjusted for tax on taxable for previous years and tax prepaid.

Deferred tax on temporary differences between the tax base of assets and liabilities and their carrying amounts is measured under the statement of financial position liability method. Deferred tax is measured on the basis of the tax regulations and rates that, according to the rules in force at the statement of financial position date, will apply at the time the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

Deferred tax assets, including the tax base of tax loss carry-forwards, is measured at the value at which the asset is expected to be realisable, either by elimination in tax on future positive taxable income or by set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Deferred income

Deferred income includes payments received in advance of the period to which they apply.

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents comprise "Cash at bank".

Accounting policies

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the Parent Company, as its cash flows are reflected in the consolidated cash flow statement for the Group.