Grant Thornton
Godkendt
Revisionspartnerselskab

Stockholmsgade 45
2100 København Ø
CVR-nr. 34209936

T (+45) 33 110 220

www.grantthornton.dk

Denps ApS

Nørregade 4, kl., 1165 København K

Company reg. no. 37 92 32 06

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 31 July 2024.

Lasse Nagell
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Managing Director has approved the annual report of Denps ApS for the financial year 1 January - 31 December 2023.

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

I consider the chosen accounting policy to be appropriate, and in my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in my opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

København K, 31 July 2024

Managing Director

Lasse Nagell

Independent auditor's report

To the Shareholders of Denps ApS

Auditor's report on the Financial Statements

Opinion

We have audited the financial statements of Denps ApS for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for conclusion

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 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.

Emphasis of Matter

We would like to draw your attention to Note 1 about significant insecurity about recognition and measurement of receivables from subsidiaries.

By presentation of the annual report the management has assessed that there is no need for write-down of receivables from subsidiaries. The company's other receivables consist of a loan. Considering the financial situation of the company to which the loan has been granted and that repayment of the loan is depending on fulfillment of budgets and that there is no repayment plan, there is insecurity about recognition and measurement.

Our conclusion has not been modified as a consequence of this matter.

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.

Independent auditor's report

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 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 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.

Independent auditor's report

- 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 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.

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 Statement Act. We did not identify any material misstatement of Management’s Review.

Violation of VAT legislation
The company has, in violation of the VAT Act, failed to report its VAT returns in accordance with the accounting records. The company's management may be held liable for the violation of the VAT Act.

Copenhagen, 31 July 2024

Grant Thornton
Certified Public Accountants
Company reg. no. 34 20 99 36

Jan Tønnesen State Authorised Public Accountant mne9459	Casper Christiansen State Authorised Public Accountant mne44100

Company information

The company	Denps ApS Nørregade 4, kl. 1165 København K	
	Company reg. no.	37 92 32 06
	Established:	6 August 2016
	Domicile:	
	Financial year:	1 January - 31 December
Managing Director	Lasse Nagell	
Auditors	Grant Thornton, Godkendt Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	
Parent company	H.Pio Co., Ltd.	
Participating interest	Pio Pharm Denmark ApS, Hundested	

Management´s review

Description of key activities of the company

The purpose of the company is to engage in trade and related business activities.

Uncertainties connected with recognition or measurement

The company has recognized receivables for subsidaries for a total of tDKK 17,316 the annual report. By presentation of the annual report the management has assessed that there is no need for write-down of receivables for subsidaries, but with respect to Note 1 there is insecurity about recognition and measurement hereof.

Development in activities and financial matters

The gross loss for the year totals DKK -5.950.501 against DKK 5.341.944 last year. Income or loss from ordinary activities after tax totals DKK -11.980.949 against DKK 1.779.604 last year.

Management considers the net profit or loss for the year unsatisfactory.

Events occurring after the end of the financial year

No events occurred after the balance sheet date until the signature date that had significant importance for the annual report.

Accounting policies

The annual report for Denps ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Material errors in previous years

A material misstatement has been identified in the financial statements for 2022. The misstatement is related to VAT and receivable income tax. The following adjustments have been made to the 2022 figures.

- Incoming VAT is adjustets 2021 with tDKK +189
- Tax correction regarding VAT adjustment 2021, tDKK -42

Above is corrected directly on equity 1 January 2022. The equity is raised by tDKK +147.

- Receivable income tax is corrected with tDKK 661
- Incoming VAT is adjusted with tDKK 2.023
- Income tax is corrected by tDKK -445

Total effect on result, tDKK 917
Equity is increased with total tDKK 1,064.

Above is corrected in the income statement for 2022. This corrections have both impact on resultat and equity. .

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

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

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Accounting policies

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

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. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Income statement

Gross loss

Gross loss comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Accounting policies

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

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

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from participating interest

Dividend from participating interest is recognised in the financial year in which the dividend is declared.

If the dividend received exceeds the proportionate share of the year's result, this is considered an indication of impairment, which entails a requirement to prepare an impairment test.

Tax on net profit or loss for the year

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

Statement of financial position

Intangible assets

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 10 years.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

Accounting policies

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life :

	Useful life
Buildings	30 years
Other fixtures and fittings, tools and equipment	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Investments

Participating interest

Participating interest is recognised and measured at cost. If the recoverable amount is lower than the cost price, it shall be written down for impairment to this lower value.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investment in participating interest 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. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Accounting policies

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Inventories
Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables
Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Prepayments
Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and on hand.

Equity
Dividend
Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax
Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Accounting policies

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2023	2022
	Gross profit	**-5.950.501**	**5.341.944**
2	Staff costs	-3.593.483	-1.821.338
	Depreciation, amortisation, and impairment	-897.445	-49.109
	Operating profit	**-10.441.429**	**3.471.497**
	Other financial income	30.988	0
3	Other financial expenses	-1.777.472	-388.749
	Pre-tax net profit or loss	**-12.187.913**	**3.082.748**
	Tax on net profit or loss for the year	206.964	-1.303.144
	Net profit or loss for the year	**-11.980.949**	**1.779.604**
	Proposed distribution of net profit:		
	Transferred to retained earnings	0	1.779.604
	Allocated from retained earnings	-11.980.949	0
	Total allocations and transfers	**-11.980.949**	**1.779.604**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2023	2022
	Non-current assets		
	Goodwill	59.285	92.142
	Total intangible assets	59.285	92.142
	Land and buildings	26.305.521	0
	Other fixtures, fittings, tools and equipment	0	6.259
	Total property, plant, and equipment	26.305.521	6.259
	Investment in participating interest	3.533.333	0
	Deposits	297.905	218.940
	Total investments	3.831.238	218.940
	Total non-current assets	**30.196.044**	**317.341**
	Current assets		
	Manufactured goods and goods for resale	9.472.430	127.030
	Prepayments for goods	0	1.204.416
	Total inventories	9.472.430	1.331.446
	Trade receivables	53.125	1.012.654
	Receivables from subsidiaries	17.315.602	13.469.402
	Other receivables	515.114	5.296.266
	Prepayments	71.975	9.345.400
	Total receivables	17.955.816	29.123.722
	Cash and cash equivalents	5.312.047	3.001.540
	Total current assets	**32.740.293**	**33.456.708**
	Total assets	**62.936.337**	**33.774.049**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2023	2022
	Equity		
	Contributed capital	12.995.203	12.995.203
	Retained earnings	-8.381.860	3.599.089
	Total equity	**4.613.343**	**16.594.292**
	Provisions		
	Provisions for deferred tax	0	206.964
	Total provisions	**0**	**206.964**
	Liabilities other than provisions		
	Trade payables	7.672.350	4.647.143
	Payables to group enterprises	45.994.902	11.114.507
	Income tax payable	284.701	703.505
	Other payables	4.371.041	507.638
	Total short term liabilities other than provisions	58.322.994	16.972.793
	Total liabilities other than provisions	**58.322.994**	**16.972.793**
	Total equity and liabilities	**62.936.337**	**33.774.049**

1 **Uncertainties concerning recognition and measurement**

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2022	295.203	1.671.788	1.966.991
	0	147.697	147.697
Adjusted equity 1 January 2022	295.203	1.819.485	2.114.688
Cash capital increase	12.700.000	0	12.700.000
Retained earnings for the year	0	1.779.604	1.779.604
Equity 1 January 2023	12.995.203	3.599.089	16.594.292
Retained earnings for the year	0	-11.980.949	-11.980.949
	12.995.203	**-8.381.860**	**4.613.343**

Notes

All amounts in DKK.

1. Uncertainties concerning recognition and measurement

The company has recognized receivables for subsidaries for a total of tDKK 17,316 in the annual report. By presentation of the annual report the management has assessed that there is no need for writedown of receivables for subsidaries. Considering the financial situation of the company to which the loan has been granted and that repayment of the loan is depending on fulfillment of budgets and that there is no repayment plan, there is insecurity about recognition and measurement.

The company has not yet received instalments of receivables for subsidaries. The final outcome of the matter cannot be determined at present and no amount has been set aside in the annual report to meet coverage of a possible loss.

		2023	2022
2.	**Staff costs**		
	Salaries and wages	3.093.723	1.606.329
	Pension costs	456.988	194.309
	Other costs for social security	42.772	20.700
		3.593.483	**1.821.338**
	Average number of employees	5	3
3.	**Other financial expenses**		
	Financial costs, group enterprises	1.748.000	291.675
	Other financial costs	29.472	97.074
		1.777.472	**388.749**

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"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Lasse Nagell
Direktør og dirigent
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Casper Christiansen
Grant Thornton, Godkendt Revisionspartnerselskab CVR: 34209936
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