

BioPhero ApS
Lersø Parkallé 42, 4., 2100 København Ø

Company reg. no. 38 10 93 40

Annual report

1 July 2020 - 30 June 2021

The annual report was submitted and approved by the general meeting on the 12 October 2021.

DocuSigned by:

Hadyn Parry

4BA590253E454DC...
#24444...D...P...L

Chairman of the meeting

Contents

| | <u>Page</u> |
|--|-------------|
| Reports | |
| Management's report | 1 |
| Independent auditor's report | 2 |
| Management commentary | |
| Company information | 5 |
| Management commentary | 6 |
| Financial statements 1 July 2020 - 30 June 2021 | |
| Accounting policies | 7 |
| Income statement | 12 |
| Statement of financial position | 13 |
| Notes | 15 |

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 report

Today, the board of directors and the executive board have presented the annual report of BioPhero ApS for the financial year 1 July 2020 - 30 June 2021.

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


We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 30 June 2021 and of the company's results of activities in the financial year 1 July 2020 – 30 June 2021.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Copenhagen, 12 October 2021


Executive board


DocuSigned by:

3DEF51EE45C846B...
Irina Borodina


DocuSigned by:

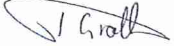
0D1ARF41BF964C9...
Kristian Bitsch Ebbensgaard


Board of directors

DocuSigned by:

4BA596253F464DC...
Hadyr St Pierre Parry
Chairman

DocuSigned by:

E4589774819F40E...
John Hamer

DocuSigned by:

617E6EFCFC085420...
Michael James Lee

DocuSigned by:

FA1714468CF045C...
Thomas Grøtkjær

DocuSigned by:

3DEF51EE45C846B...
Irina Borodina

Independent auditor's report

To the shareholders of BioPhero ApS

Opinion

We have audited the financial statements of BioPhero ApS for the financial year 1 July 2020 - 30 June 2021, which comprise accounting policies, income statement, statement of financial position and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 30 June 2021 and of the results of the company's activities for the financial year 1 July 2020 - 30 June 2021 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 section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such 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 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 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 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.

Independent auditor's report

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 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 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 and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Frederiksberg, 12 October 2021

Lokal Revision

Statsautoriseret revisionsanpartsselskab
Company reg. no. 41 94 36 61



Mikkel Thomsen
State Authorised Public Accountant
mne34535

Company information

The company

BioPhero ApS
Lersø Parkallé 42, 4.
2100 København Ø

Company reg. no. 38 10 93 40
Established: 4 October 2016
Domicile: København Ø
Financial year: 1 July - 30 June

Board of directors

Hadyn St Pierre Parry, Chairman
John Hamer
Michael James Lee
Thomas Grotkjær
Irina Borodina

Executive board

Irina Borodina
Kristian Bitsch Ebbensgaard

Auditors

Lokal Revision, Statsautoriseret revisionsanpartsselskab
Roskildevej 37A, 3. tv.
2000 Frederiksberg

Management commentary

The principal activities of the company

BioPhero's vision is to make agriculture more sustainable by enabling the application of pheromones for effective pest control in large-scale row crops. We are an industrial biotechnology company and our main activities are (1) development of efficient biological processes for fermentation-based production of insect pheromones, and (2) large-scale production and sale of biologically produced and nature-identical insect pheromones sold as concentrated active ingredients.

Development in activities and financial matters

The gross loss for the year totals DKK -1.600.232 against DKK 5.136.048 last year. Income or loss from ordinary activities after tax totals DKK -14.667.216 against DKK -3.047.901 last year. The management considers the results as expected.

Accounting policies

The annual report for BioPhero ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises.

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

Income statement

Gross loss

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

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

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. Recognition of revenue is 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 and grants.

Other external costs comprise costs 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. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown 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.

Accounting policies

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

Property, plant, and equipment

Property is measured at cost plus revaluations and less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

Property is revaluated on the basis of regular, independent fair-value assessments. Net revaluation at fair value adjustment is recognised directly in equity less deferred tax and tied up in a particular revaluation reserve. Net impairment loss at fair value adjustment is recognised in the income statement.

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

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in company equity.

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

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 and the residual value of the individual assets:

| | Useful life | Residual value |
|-----------|-------------|----------------|
| Buildings | 30 years | 20 % |

Accounting policies

| | | |
|--|------------|--------|
| Plant and machinery | 5-10 years | 0-20 % |
| Other fixtures and fittings, tools and equipment | 3-5 years | 0-20 % |

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.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from sub-suppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Leases

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets 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 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.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments and accrued income

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

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank.

Equity

Share premium

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium.

The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

Accounting policies

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

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 July - 30 June

All amounts in DKK.

| <u>Note</u> | <u>2020/21</u> | <u>2019/20</u> |
|--|--------------------|-------------------|
| Gross loss | -1.600.232 | 5.136.048 |
| 1 Staff costs | -12.002.891 | -8.569.399 |
| Depreciation and impairment of property, land, and equipment | -1.370.092 | -660.286 |
| Operating profit | -14.973.215 | -4.093.637 |
| Other financial income | 540.961 | 660 |
| 2 Other financial costs | -234.962 | -71.041 |
| Pre-tax net profit or loss | -14.667.216 | -4.164.018 |
| 3 Tax on net profit or loss for the year | 0 | 1.116.117 |
| Net profit or loss for the year | -14.667.216 | -3.047.901 |
| Proposed appropriation of net profit: | | |
| Allocated from retained earnings | -14.667.216 | -3.047.901 |
| Total allocations and transfers | -14.667.216 | -3.047.901 |

Statement of financial position at 30 June

All amounts in DKK.

| Assets | 2021 | 2020 |
|--|--------------------------|--------------------------|
| <u>Note</u> | <u>2021</u> | <u>2020</u> |
| Non-current assets | | |
| Other fixtures and fittings, tools and equipment | 4.536.854 | 3.782.853 |
| Total property, plant, and equipment | <u>4.536.854</u> | <u>3.782.853</u> |
| Total non-current assets | <u>4.536.854</u> | <u>3.782.853</u> |
| Current assets | | |
| Other receivables | 42.789.929 | 2.408.779 |
| Prepayments and accrued income | 94.537 | 0 |
| Total receivables | <u>42.884.466</u> | <u>2.408.779</u> |
| Cash on hand and demand deposits | <u>22.852.794</u> | <u>21.552.991</u> |
| Total current assets | <u>65.737.260</u> | <u>23.961.770</u> |
| Total assets | <u>70.274.114</u> | <u>27.744.623</u> |

Statement of financial position at 30 June

All amounts in DKK.

| Equity and liabilities | | | |
|--|--|-------------------|-------------------|
| <u>Note</u> | | <u>2021</u> | <u>2020</u> |
| Equity | | | |
| 4 | Contributed capital | 231.176 | 109.523 |
| 5 | Share premium | 73.972.454 | 7.433.298 |
| 6 | Retained earnings | -7.506.786 | 7.160.430 |
| | Total equity | 66.696.844 | 14.703.251 |
| Liabilities other than provisions | | | |
| | Other payables | 760.718 | 0 |
| | Total long term liabilities other than provisions | 760.718 | 0 |
| | Bank loans | 751 | 0 |
| | Prepayments received from customers | 150.359 | 8.897.128 |
| | Trade payables | 1.018.530 | 2.680.402 |
| | Other payables | 1.646.912 | 1.463.842 |
| | Total short term liabilities other than provisions | 2.816.552 | 13.041.372 |
| | Total liabilities other than provisions | 3.577.270 | 13.041.372 |
| | Total equity and liabilities | 70.274.114 | 27.744.623 |

7 Contingencies

Notes

All amounts in DKK.

| | <u>2020/21</u> | <u>2019/20</u> |
|--|-------------------|-------------------|
| 1. Staff costs | | |
| Salaries and wages | 10.979.791 | 7.950.827 |
| Pension costs | 884.393 | 535.610 |
| Other costs for social security | 68.541 | 48.661 |
| Other staff costs | 70.166 | 34.301 |
| | <u>12.002.891</u> | <u>8.569.399</u> |
| | | |
| Average number of employees | <u>20</u> | <u>14</u> |
| | | |
| 2. Other financial costs | | |
| Other financial costs | 234.962 | 71.041 |
| | <u>234.962</u> | <u>71.041</u> |
| | | |
| 3. Tax on net profit or loss for the year | | |
| Adjustment of tax for previous years | 0 | -83.818 |
| The tax credit scheme | 0 | -1.032.299 |
| | <u>0</u> | <u>-1.116.117</u> |
| | | |
| 4. Contributed capital | | |
| Contributed capital opening balance | 109.523 | 92.819 |
| Cash capital increase | 121.653 | 16.704 |
| | <u>231.176</u> | <u>109.523</u> |
| | | |
| 5. Share premium | | |
| Share premium opening balance | 7.433.298 | 11.144.960 |
| Share premium account for the year | 66.539.156 | 7.433.298 |
| Transferred to results brought forward | 0 | -11.144.960 |
| | <u>73.972.454</u> | <u>7.433.298</u> |

Notes

All amounts in DKK.

| | <u>30/6 2021</u> | <u>30/6 2020</u> |
|---|-------------------|-------------------|
| 6. Retained earnings | | |
| Retained earnings opening balance | 7.160.430 | -936.629 |
| Profit or loss for the year brought forward | -14.667.216 | -3.047.901 |
| Share premium opening balance transferred til results brought forward | <u>0</u> | <u>11.144.960</u> |
| | <u>-7.506.786</u> | <u>7.160.430</u> |

7. Contingencies

Contingent assets

The company has a deferred tax asset of t.DKK 4.060 which is not recognized in the annual report for 2020-21 as there is uncertainty associated with its future use.

Contingent liabilities

Lease rented premises

The company has entered into lease rented premises which can be terminated on September 30th 2023 at the earliest. Yearly lease is t.DKK 226.