



ESB Group ApS

Struenseegade 9, 2.
2200 København N
CVR No. 40100539

Annual report 2021

The Annual General Meeting adopted the
annual report on 02.06.2022

Annemette Arndal-Lauritzen
Chairman of the General Meeting

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Entity details

Entity

ESB Group ApS

Struenseegade 9, 2.

2200 København N

Business Registration No.: 40100539

Registered office: København

Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Jesper Ahlmann Funding Andersen

Peter Velling Bower

Asbjørn Mosgaard Hyldgaard

Yvonne Yi Chien

Lars Thomas Blomqvist

Barbro Elisabet Fridén

Executive Board

Annemette Arndal-Lauritzen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of ESB Group ApS for the financial year 01.01.2021 - 31.12.2021.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 28.04.2022

Executive Board

Annemette Arndal-Lauritzen

Board of Directors

Jesper Ahlmann Funding Andersen

Peter Velling Bower

Asbjørn Mosgaard Hyldgaard

Yvonne Yi Chien

Lars Thomas Blomqvist

Barbro Elisabet Fridén

Independent auditor's report

To the shareholder of ESB Group ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of ESB Group ApS for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent financial statements" section of this auditor's 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Entity'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 consolidated financial statements and the parent 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 Entity'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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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 the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, 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 conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 28.04.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bill Haudal Pedersen

State Authorised Public Accountant
Identification No (MNE) mne30131

Brian Schmit Jensen

State Authorised Public Accountant
Identification No (MNE) mne40050

Management commentary

Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000
Key figures			
Gross profit/loss	117,706	74,156	41,170
Operating profit/loss	41,450	2,677	(31,550)
Net financials	(8,173)	(11,001)	(12,750)
Profit/loss for the year	20,236	(11,135)	41,690
Balance sheet total	618,432	645,531	652,420
Investments in property, plant and equipment	4,882	254	20,250
Equity	384,280	352,867	366,370
Ratios			
Return on equity (%)	5.49	(3.10)	(11.40)
Equity ratio (%)	62.14	54.66	56.16

Material errors in previous years corrected in 2021 have in the financial highlights only been adjusted for 2021 and 2020. Comparative years (2019-2017) have not been adjusted.

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$

Primary activities

The Group's main activities are within the fertility industry and related production.

Founded in 2004, European Sperm Bank ("ESB") is one of the leading sperm banks in the world, providing fertility clinics all over the world with donor semen of the highest quality. The main product offering consists of a wide selection of high-quality donor semen from both open and anonymous sperm donors, helping heterosexual couples, single women and lesbian couples in +100 countries. The end users are reached through two channels, i.e. the products are either sold to a fertility clinic (B2B) or directly to end customers via the company website (B2C), in which case the donor semen is delivered to a clinic of choice where the fertility treatment is carried out. ESB is headquartered in Copenhagen with c. 120 employees worldwide and currently operates out of 6 locations, including 3 sites in Copenhagen (DK), 1 site in Aarhus (DK), 1 site in London (UK) and 1 site in Hamburg (DE). The parent company's main activities are investments in subsidiaries within the fertility industry and related production, including providing management services.

Development in activities and finances

Operating profit increased to 41.5m DKK.

The Management team considers the result for the financial year of 2021 to be satisfactory.

Profit/loss for the year in relation to expected developments

The financial performance for 2021 met Management expectations.

Management continues to execute on the strategic plan with initiatives supporting a continued strong growth of the Group.

Uncertainty relating to recognition and measurement

Measurement of certain assets and liabilities is based on accounting estimates made by Management. These estimates are made in accordance with the accounting policies and based on Management's assumptions and experience. The estimates made are considered realistic and prudent.

The areas subject to assumptions and estimates that are considered material to the financial statements are intangible assets, investments in group enterprises, inventories and other provisions.

Inventories are subject to assumptions and estimates as saleable straws depends on many factors, for example fertility rate, pregnancy limits and donor characteristics. Inventories are measured at cost including direct and indirect production costs. Indirect production costs are assessed on an ongoing basis to ensure relevant and reliable measurement of these. Changes in assumptions, estimates and assessment of indirect production costs may have an impact on the gross margin and the overall valuation of inventory. Apart from this, there are no particular uncertainties relating to recognition and measurement.

Unusual circumstances affecting recognition and measurement

No significant unusual circumstances affecting recognition and measurement have occurred.

Outlook

The Group continues to devote significant resources and investments into building the platform for future growth. In general, the fertility industry is considered having little sensitivity to global uncertainties. Management expects that the crisis between Russia and Ukraine will have limited effect on the company.

For 2022 Management expects to deliver +10% operating profit growth.

Research and development activities

The Group's research activities are related and limited to its natural high level of knowledge about sperm, and sperm quality among its large donor base and how this fundamental input factor in the fertility industry is developing over time.

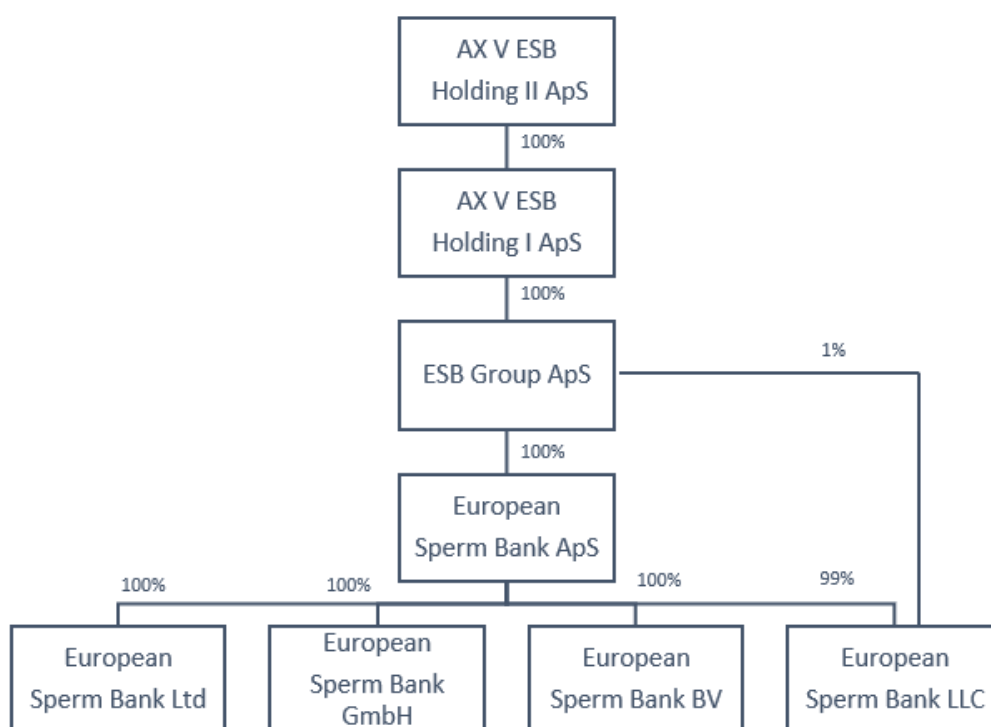
Group relations

ESB Group ApS is indirectly owned by the equity fund Axcel with appr. 64%, the Bower family via Innodapter and Selskabet af 26. marts 2019 ApS with appr. 30%, and members of the board of directors, management and employees with appr. 6% via holding companies AX V ESB Holding I ApS and AX V ESB Holding II ApS.

ESB Group ApS' equity consists of one class of shares and the loan capital consists of bank debt, provided by Danske Bank and Hermes Direct Lending Fund II S.à r.l.

The current capital structure is deemed appropriate in relation to the need for financial flexibility in ESB Group ApS and its subsidiaries.

Being owned by the Danish private equity firm Axcel, the Group is subject to the guidelines of the Danish Venture Capital and Private Equity Association (DVCA, www.dvca.dk) for responsible ownership and corporate governance. ESB Group ApS intends to comply with all relevant guidelines.



Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

The crisis between Russia and Ukraine has not had and is not expected to have a significant impact on the Group's financial position and development

Consolidated income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Gross profit/loss		117,706	74,156
Staff costs	1	(41,091)	(35,261)
Depreciation, amortisation and impairment losses	2	(35,165)	(36,218)
Operating profit/loss		41,450	2,677
Other financial income	3	0	87
Other financial expenses	4	(8,173)	(11,088)
Profit/loss before tax		33,277	(8,324)
Tax on profit/loss for the year	5	(13,041)	(2,811)
Profit/loss for the year	6	20,236	(11,135)

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Completed development projects	8	3,018	4,358
Acquired intangible assets		60,505	62,230
Acquired rights		27,073	33,804
Goodwill		402,265	425,547
Development projects in progress	8	16,422	6,135
Intangible assets	7	509,283	532,074
Other fixtures and fittings, tools and equipment		8,758	5,366
Leasehold improvements		4,363	4,954
Property, plant and equipment	9	13,121	10,320
Other receivables		1,585	1,271
Financial assets	10	1,585	1,271
Fixed assets		523,989	543,665
Manufactured goods and goods for resale		64,812	56,371
Inventories		64,812	56,371
Trade receivables		9,718	7,969
Other receivables		1,541	457
Prepayments	11	1,398	1,664
Receivables		12,657	10,090
Cash		16,974	35,405
Current assets		94,443	101,866
Assets		618,432	645,531

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital		50	50
Translation reserve		118	641
Reserve for development costs		15,014	8,280
Retained earnings		369,098	343,846
Proposed dividend for the financial year		0	50
Equity		384,280	352,867
Deferred tax	12	27,749	24,896
Other provisions	13	6,278	4,806
Provisions		34,027	29,702
Bank loans		168,000	216,960
Other payables		2,788	0
Non-current liabilities other than provisions	14	170,788	216,960
Current portion of non-current liabilities other than provisions	14	0	11,520
Trade payables		10,114	10,154
Tax payable		6,476	7,547
Other payables		12,747	16,781
Current liabilities other than provisions		29,337	46,002
Liabilities other than provisions		200,125	262,962
Equity and liabilities		618,432	645,531
Unrecognised rental and lease commitments	15		
Transactions with related parties	16		
Group relations	17		
Subsidiaries	18		

Consolidated statement of changes in equity for 2021

	Contributed capital DKK'000	Translation reserve DKK'000	Reserve for development costs DKK'000	Retained earnings DKK'000	Proposed dividend for the financial year DKK'000
Equity beginning of year	50	641	8,280	343,800	50
Adjustment of material errors	0	0	0	46	0
Adjusted equity, beginning of year	50	641	8,280	343,846	50
Ordinary dividend paid	0	0	0	0	(50)
Exchange rate adjustments	0	(523)	0	0	0
Group contributions etc.	0	0	0	11,750	0
Transfer to reserves	0	0	6,734	(6,734)	0
Profit/loss for the year	0	0	0	20,236	0
Equity end of year	50	118	15,014	369,098	0

	Total DKK'000
Equity beginning of year	352,821
Adjustment of material errors	46
Adjusted equity, beginning of year	352,867
Ordinary dividend paid	(50)
Exchange rate adjustments	(523)
Group contributions etc.	11,750
Transfer to reserves	0
Profit/loss for the year	20,236
Equity end of year	384,280

By mistake, the Group did not recognize joint taxation contributions receivable. The misstatement has been corrected as a material misstatement and the correction has resulted in an increase of profit the comparison year 2020 of DKK 3,792 thousand, an increase of assets of DKK 3,792 thousand, while equity at 31 December

2020 has increased by DKK 3,792 thousand. The comparative figures have been adjusted to reflect the change.

The Group has not previously recognized the contractual obligation to repurchase straws already sold at a share of the selling price. The misstatement has been corrected as a material misstatement and the correction has resulted in a decrease of profit for the comparison year 2020 of DKK 735 thousand, assets have decreased by DKK 0 thousand, while equity at 31 December 2020 has decreased by DKK 3,746 thousand. The comparative figures have been adjusted to reflect the change.

The total corrections for the Group have resulted in an increase of profit for the comparison year 2020 of DKK 3,057 thousand, assets have not been affected while equity at 31 December 2020 has increased by DKK 46 thousand. The comparative figures have been adjusted to reflect the changes.

Consolidated cash flow statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Operating profit/loss		41,450	2,677
Amortisation, depreciation and impairment losses		35,165	36,218
Other provisions		1,472	2,733
Increase/decrease in inventories		(8,441)	8,113
Increase/decrease in receivables		(1,032)	1,597
Increase/decrease in trade payables etc.		(1,286)	12,921
Cash flow from ordinary operating activities		67,328	64,259
Financial income received		0	87
Financial expenses paid		(8,173)	(11,088)
Taxes refunded/(paid)		(10,709)	0
Cash flows from operating activities		48,446	53,258
Acquisition etc. of intangible assets		(11,335)	(7,247)
Acquisition etc. of property, plant and equipment		(4,882)	(254)
Acquisition of fixed asset investments		(332)	0
Sale of fixed asset investments		0	18
Cash flows from investing activities		(16,549)	(7,483)
Free cash flows generated from operations and investments before financing		31,897	45,775
Repayments of loans etc.		(60,480)	(9,611)
Dividend paid		(50)	0
Cash capital increase		11,750	0
Cash flows from financing activities		(48,780)	(9,611)
Increase/decrease in cash and cash equivalents		(16,883)	36,164
Cash and cash equivalents beginning of year		35,405	(825)
Currency translation adjustments of cash and cash equivalents		(13)	66
Cash and cash equivalents end of year		18,509	35,405

Cash and cash equivalents at year-end are composed of:

Cash	16,974	35,405
Cash and cash equivalents end of year	16,974	35,405

Notes to consolidated financial statements

1 Staff costs

	2021 DKK'000	2020 DKK'000
Wages and salaries	48,283	42,425
Pension costs	2,468	2,049
Other social security costs	508	1,115
Other staff costs	3,827	2,632
	55,086	48,221
Staff costs classified as assets	(13,995)	(12,960)
	41,091	35,261
Average number of full-time employees	92	82

	Remuneration of management 2021 DKK'000	Remuneration of management 2020 DKK'000
Total amount for management categories	4,834	4,482
	4,834	4,482

Pursuant to Section 98b(iii) of the Danish Financial Statements Act, remuneration to the members of the Executive Board and Management is disclosed in total.

Special incentive programme

In April 2019, an incentive scheme was established comprising both the Board of Directors, the Executive Management and other employees and the incentive scheme is made to motivate and retain the participants. The incentive scheme allows participants to subscribe for a number of warrants, each entitling the holder to buy 1 share of a nominal value of DKK 0.01 in the Company at a price agreed in advance plus an annual hurdle rate of 8%. The warrants subscribed for are allotted 1 year from the date of subscription with 1/4 and thereafter with 1/48 per month until all warrants are allotted if certain conditions are met. As of 31st December 2021, participants in the incentive scheme have subscribed for 6.030.698 warrants in total corresponding to 14.2% of the outstanding share capital on a fully-diluted basis, and 3.061.713 warrants have vested.

2 Depreciation, amortisation and impairment losses

	2021 DKK'000	2020 DKK'000
Amortisation of intangible assets	34,488	35,145
Depreciation on property, plant and equipment	677	1,073
	35,165	36,218

Depreciation and amortisation in the income statement is lower than the depreciation and amortisation presented in notes 7 and 9, which is due to the fact that part of the depreciation and amortisation is capitalized as inventories as indirect production costs

3 Other financial income

	2021 DKK'000	2020 DKK'000
Financial income from group enterprises	0	87
	0	87

4 Other financial expenses

	2021 DKK'000	2020 DKK'000
Other financial expenses	8,173	11,088
	8,173	11,088

5 Tax on profit/loss for the year

	2021 DKK'000	2020 DKK'000
Current tax	10,004	10,102
Change in deferred tax	2,945	(7,291)
Adjustment concerning previous years	92	0
	13,041	2,811

6 Proposed distribution of profit/loss

	2021 DKK'000	2020 DKK'000
Ordinary dividend for the financial year	0	50
Retained earnings	20,236	(11,185)
	20,236	(11,135)

7 Intangible assets

	Completed development projects DKK'000	Acquired intangible assets DKK'000	Acquired rights DKK'000	Goodwill DKK'000	Development projects in progress DKK'000
Cost beginning of year	8,973	70,150	41,254	466,755	6,135
Transfers	226	0	0	0	(226)
Additions	822	0	0	0	10,513
Cost end of year	10,021	70,150	41,254	466,755	16,422
Amortisation and impairment losses beginning of year	(4,615)	(7,920)	(7,450)	(41,208)	0
Transfers	360	1,782	(1,574)	89	0
Amortisation for the year	(2,748)	(3,507)	(5,157)	(23,371)	0
Amortisation and impairment losses end of year	(7,003)	(9,645)	(14,181)	(64,490)	0
Carrying amount end of year	3,018	60,505	27,073	402,265	16,422

8 Development projects

Developments projects in progress comprises to the development of af new website and ERP-system. The sales platform was launched in March 2022, while the ERP implementation is expected to be completed during the fall 2022. Hence it is the expectation that the new system will generate an optimization of the sales and shipping process.

Completed development project are primarily related to the implementation of a new CRM system and the part of the ERP implementation that is already completed. Both systems are showing the full expected benefits after the implementation, and therefore no indication of impairment has been identified.

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	10,019	10,485
Additions	4,268	614
Disposals	(379)	0
Cost end of year	13,908	11,099
Depreciation and impairment losses beginning of year	(4,653)	(5,531)
Depreciation for the year	(876)	(1,205)
Reversal regarding disposals	379	0
Depreciation and impairment losses end of year	(5,150)	(6,736)
Carrying amount end of year	8,758	4,363

10 Financial assets

	Other receivables DKK'000
Cost beginning of year	1,253
Additions	332
Cost end of year	1,585
Carrying amount end of year	1,585

11 Prepayments

Prepayments are amounts paid for the company in advance of goods and services.

12 Deferred tax

	2021 DKK'000	2020 DKK'000
Changes during the year		
Beginning of year	24,896	33,244
Recognised in the income statement	2,853	(7,291)
Corrections of material errors	0	(1,057)
End of year	27,749	24,896

Deferred tax relates to intangible assets, property, plant and equipment, inventories and other provisions.

13 Other provisions

Other provisions consist of provisions to repurchase straws in storage.

14 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK'000	Due after more than 12 months 2021 DKK'000
Bank loans	11,520	168,000
Other payables	0	2,788
	11,520	170,788

No bank loans are due after 5 years. Other payables consist of holiday pay allowance.

15 Unrecognised rental and lease commitments

	2021 DKK'000	2020 DKK'000
Total liabilities under rental or lease agreements until maturity	11,561	12,924

16 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

17 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
AX V ESB Holding III ApS, Sankt Annæ Plads 10, Copenhagen.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
AX V ESB Holding III ApS, Sankt Annæ Plads 10, Copenhagen.

18 Subsidiaries

	Registered in	Ownership %
European Sperm Bank Ltd.	UK	100.00
European Sperm Bank GmbH	Germany	100.00
European Sperm Bank BV	Netherlands	100.00
European Sperm Bank LLC	Russia	100.00
European Sperm Bank ApS	Denmark	100.00

Parent income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Gross profit/loss		956	2,757
Staff costs	1	(4,152)	(3,972)
Operating profit/loss		(3,196)	(1,215)
Income from investments in group enterprises		28,893	53,300
Other financial expenses	2	(6,164)	(8,861)
Profit/loss before tax		19,533	43,224
Tax on profit/loss for the year	3	1,615	2,216
Profit/loss for the year	4	21,148	45,440

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Investments in group enterprises		647,509	647,509
Financial assets	5	647,509	647,509
Fixed assets		647,509	647,509
Receivables from group enterprises		444	0
Joint taxation contribution receivable		1,615	6,008
Receivables		2,059	6,008
Cash		5,978	30,372
Current assets		8,037	36,380
Assets		655,546	683,889

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital		50	50
Retained earnings		486,596	453,698
Proposed dividend for the financial year		0	50
Equity		486,646	453,798
Bank loans		168,000	216,960
Other payables		179	0
Non-current liabilities other than provisions	6	168,179	216,960
Current portion of non-current liabilities other than provisions	6	0	11,520
Trade payables		189	225
Other payables		532	1,386
Current liabilities other than provisions		721	13,131
Liabilities other than provisions		168,900	230,091
Equity and liabilities		655,546	683,889
Contingent liabilities	7		
Assets charged and collateral	8		
Related parties with controlling interest	9		
Transactions with related parties	10		

Parent statement of changes in equity for 2021

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend for the year DKK'000	Total DKK'000
Equity beginning of year	50	449,906	50	450,006
Adjustment of material errors	0	3,792	0	3,792
Adjusted equity, beginning of year	50	453,698	50	453,798
Ordinary dividend paid	0	0	(50)	(50)
Group contributions etc.	0	11,750	0	11,750
Profit/loss for the year	0	21,148	0	21,148
Equity end of year	50	486,596	0	486,646

By mistake, the Company did not recognize joint taxation contributions receivable. The misstatement has been corrected as a material misstatement and the correction has resulted in an increase in profit for the comparison year of DKK 3,792 thousand, an increase of assets of DKK 3,792 thousand, while equity at 31 December 2020 has increased by DKK 3,792 thousand. The comparative figures have been adjusted to reflect the change.

Notes to parent financial statements

1 Staff costs

	2021 DKK'000	2020 DKK'000
Wages and salaries	3,952	3,836
Pension costs	188	131
Other social security costs	12	5
	4,152	3,972
Average number of full-time employees	2	2

	Remuneration of Manage- ment 2021 DKK'000	Remuneration of Manage- ment 2020 DKK'000
Total amount for management categories	3,175	4,482
	3,175	4,482

Persuant to Section 98b(iii) of the Danish Financial Statements Act, remuneration to the members of the Executive Board is not separately disclosed.

Special incentive programmes

In April 2019, an incentive scheme was established comprising both the Board of Directors, the Executive Management and other employees and the incentive scheme is made to motivate and retain the participants. The incentive scheme allows participants to subscribe for a number of warrants, each entitling the holder to buy 1 share of a nominal value of DKK 0.01 in the Company at a price agreed in advance plus an annual hurdle rate of 8%. The warrants subscribed for are allotted 1 year from the date of subscription with 1/4 and thereafter with 1/48 per month until all warrants are allotted if certain conditions are met. As of 31st December 2021, participants in the incentive scheme have subscribed for 6.030.698 warrants in total corresponding to 14.2% of the outstanding share capital on a fully-diluted basis, and 3.061.713 warrants have vested.

2 Other financial expenses

	2021 DKK'000	2020 DKK'000
Other interest expenses	5,828	8,528
Other financial expenses	336	333
	6,164	8,861

3 Tax on profit/loss for the year

	2021	2020
	DKK'000	DKK'000
Current tax	(1,615)	(2,216)
	(1,615)	(2,216)

4 Proposed distribution of profit and loss

	2021	2020
	DKK'000	DKK'000
Ordinary dividend for the financial year	0	50
Retained earnings	21,148	45,390
	21,148	45,440

5 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	647,509
Cost end of year	647,509
Carrying amount end of year	647,509

6 Non-current liabilities other than provisions

	Due within 12 months	Due after more than 12 months
	2020	2021
	DKK'000	DKK'000
Bank loans	11,520	168,000
Other payables	0	179
	11,520	168,179

No bank loans are due after 5 years. Other payables consist of holiday pay allowance.

7 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where AX V ESB Holding III ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

8 Assets charged and collateral

The company has provided collateral in the shares of European Sperm Bank ApS as collateral for balances with credit institutions. The unlisted shares have a value of 270.000 DKK.

9 Related parties with controlling interest

Related parties with controlling interest on ESB Group ApS: the Company's Immediate Parent is AX V ESB Holding I ApS, Struenseegade 9, 2., 2200 Copenhagen, the higher-level Parents are AX V ESB Holding II ApS, Struenseegade 9, 2., 2200 Copenhagen, AX V ESB Holding III ApS, Struenseegade 9, 2., 2200 Copenhagen, and the Ultimate Parent is Axcel V K/S, Amerika Plads 37, 2100 Copenhagen

10 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Material errors in previous years

By mistake, the Group did not recognize joint taxation contributions receivable. The misstatement has been corrected as a material misstatement and the correction has resulted in an increase of profit the comparison year 2020 of DKK 3,792 thousand, an increase of assets of DKK 3,792 thousand, while equity at 31 December 2020 has increased by DKK 3,792 thousand. The comparative figures have been adjusted to reflect the change.

The Group has not previously recognized the contractual obligation to repurchase straws already sold at a share of the selling price. The misstatement has been corrected as a material misstatement and the correction has resulted in a decrease of profit for the comparison year 2020 of DKK 735 thousand, assets have decreased by DKK 0 thousand, while equity at 31 December 2020 has decreased by DKK 3,746 thousand. The comparative figures have been adjusted to reflect the change.

The total corrections for the Group have resulted in an increase of profit for the comparison year 2020 of DKK 3,057 thousand, assets have not been affected while equity at 31 December 2020 has increased by DKK 46 thousand. The comparative figures have been adjusted to reflect the changes.

The Parent did not recognize joint taxation contributions receivable. The misstatement has been corrected as a material misstatement and the correction has resulted in an increase in profit for the comparison year of DKK 3,792 thousand, an increase of assets of DKK 3,792 thousand, while equity at 31 December 2020 has increased by DKK 3,792 thousand. The comparative figures have been adjusted to reflect the change.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts

attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of goods is recognised in the income statement when delivery is made at the place determined by the customer before the end of the financial year. Revenue is measured at fair value excl. VAT and less granted goods and customer discounts.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises dividends etc. received from the individual group enterprises in the financial year.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises or exchange gains on securities, payables and transactions in foreign currencies and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation period used are 20 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights and acquired intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income

statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. The amortisation periods used are 3-5 years.

Intangible acquired rights and other intangible assets acquired are measured at cost less accumulated amortisation and written down to the lower of recoverable amount and carrying amount.

The following estimated useful lives apply:

Acquired development projects	3-5 years
Acquired intangible assets	8 years
Acquired rights	20 years

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	5-10 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Inventories

Inventories are measured at the cost according to the weighted average price method. In the event of cost exceeding net realisable value, write-down is made to this lower value. Cost of goods for resale consists of costs for raw materials, direct salaries with the addition of production overhead costs. Production overhead costs consists of indirect materials and salaries and maintenance of and depreciation on the machines used in the production process and equipment and costs to administration and leadership of the production.

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Other provisions

Other provisions comprise anticipated costs to contractual repurchase sold straws in storage.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Other financial liabilities

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

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.