



InnoStrat ApS

Brønsholmvej 26

2980 Kokkedal

Annual report

2023

CVR-nr. 41 45 04 36

Approved at the annual shareholders meeting.

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Management review

Today, the management has presented the annual report for the financial year 2023 for InnoStrat ApS.

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

In our opinion, the financial statements give a true and fair view of the Company's assets and liabilities, financial position as at 31 December 2023 and the result of the Company's activities for the financial year 2023.

In our opinion, the management report contains a true and fair account of the matters covered by the report.

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

Management considers the conditions for omitting audit to be met.

Kokkedal, 13 may 2024

Board of Directors

Mikkel Nielsen

Jan Kildeskov

Company information

Company:	InnoStrat ApS Brønsholmvej 26 2980 Kokkedal
Company registration number.	41 45 04 36
Accounts period:	01.01– 31.12 2023 4th annual report
Municipality:	Fredensborg
Board of directors:	Mikkel Nielsen, Jan Kildeskov

Management report

Activity

During this period, the company's activity has been consultancy work and related activities.

The development of the company and its activities.

The year 2023 was remarkable for InnoStrat, as we achieved many milestones on our growth journey. We now serve more customers and offer a wider range of services with more consultants than ever before. Importantly, most of the clients that we served even in our founding year of 2020 are still our customers today. We see this as a confirmation of our value proposition matching the needs of our clients in the clinical, medical and commercial functions of pharmaceutical companies globally.

The external view

As a key business area, we have supported several Medical Affairs functions in mid-sized companies in becoming a strategic pillar of their organisations, by lifting their capabilities and by bridging the external world with internal functions. In 2023 we also served our first customers in the Clinical functions, where we helped mid-sized pharma companies establish and use Trial Steering Committees, National Coordinating Investigator Panels and Study Coordinator Panels in regulatory trials. This has already proven to improve subject recruitment rates and site engagement, and the early indications for the retention rates are also looking positive.

While most of our clients are mid-sized pharma companies, we also serve top-tier pharma companies and young biotech companies. From our hubs in Copenhagen, Denmark and Zurich, Switzerland we have in 2023 served customers in five different countries (Denmark, Sweden, Switzerland, UK and USA) and affiliates of those customers in 25 different countries from Australia and Japan in the east to USA and Chile in the west. Seven of our customers have chosen to establish Master Service Agreements with us to facilitate our continuous engagement with them, typically over three or more years.

The internal view

Our 2023 revenues were 33% higher than in 2022, reflecting the solid market demand for our services.

We have made several steps to position the company for attracting top talent. A key milestone was to establish a professional Board of Directors with industry veteran Christian Kanstrup as our Chairman (to be formalized at the 2024 General Assembly). Towards the end of 2023, a new Partner committed to joining us and head up our Real World Evidence business (to be announced during Q2 2024). We have also firmed up our long-term agreements with subject-matter expert consultants and we are hiring junior team members to further support our execution capabilities.

We invested approximately 10% of our revenues into developing standard solutions for clinical and medical customers, for instance processes for Integrated Evidence Generation Plans and for developing and implementing Real-World Evidence strategies. This will allow us to deliver future projects of these types both faster and with better profitability. We also invested approximately 400,000 DKK into expanding our facilities and improving internal processes and routines. Finally, we established a line of credit in our bank as a reserve that provides us enough cash-flow flexibility to invest into relevant growth opportunities. However, during 2023 we have remained a self-funded company with a solvency ratio of 56.7%.

Management report

Given our focused yet substantial growth investments in 2023, we are satisfied with the net result of 987 tDKK before tax.

The forward-looking view

We expect 2024 to become even more exciting, as we project even higher growth, more new customers in the Medical and Clinical segments, and a very promising expansion into the Commercial segment. We also intend to establish an office in the UK during 2024. Our “Pharma Insiders with Impact”-approach has proven its value to our customers, and we look forward to evolving both that approach and our customer collaborations further in 2024 and beyond.

Post-balance-sheet events

No events have occurred since the end of the financial year which could materially affect the financial position of the company.

Future

Management expects a growing profit for the coming year.

Statement of profit and loss

	Note	01.01-31.12.2023 DKK	01.01-31.12.2022 DKK
Revenue		10.035.750	7.422.154
Other external costs		4.699.172	2.667.967
Gross profit		5.336.578	4.754.187
Employee benefit expenses	1	4.313.799	4.696.542
Profit from operations		1.022.778	57.645
Finance income		202	0
Finance expense		36.061	21.233
Total finance costs		-35.859	-21.233
Profit before taxes		986.919	36.412
Tax expense	2	219.978	14.388
Net profit		766.941	22.024
Total profit			
Profit for the year		766.941	22.024
Carried over from previous years		1.665.694	1.643.670
		2.432.635	1.665.694
Dividend distributed in the year		500.000	0
Carried forward		1.932.635	1.665.694
Total		2.432.635	1.665.694

Financial position as at 31 December 2023

Assets

	Note	31.12.2023 DKK	31.12.2022 DKK
Trade receivables		1.652.099	833.795
Work in progress		692.502	0
Deferred tax assets	2	0	58.612
Other receivables		45.000	45.000
Total Receivables		2.389.601	937.406
Cash and cash equivalents		788.767	1.297.295
Total Current Assets		3.178.368	2.234.701
Total Assets		3.178.368	2.234.701

Financial position as at 31 December 2023

Liabilities

	Note	31.12.2023 DKK	31.12.2022 DKK
Issued capital		40.000	40.000
Retained earnings		2.432.635	1.665.694
Dividend distributed in the year		-500.000	0
Own Shares		-170.569	0
Proposed dividend		0	0
Equity		1.802.066	1.705.694

Liabilities

Current liabilities

Trade payables		933.695	192.131
Income tax payable	2	31.978	0
Other payables		410.629	336.876
Total Current liabilities		1.376.302	529.007
Total current liabilities		1.376.302	529.007
Total Equity and Liabilities		3.178.368	2.234.701

Contingent liabilities

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Notes

Equity	Equity	Own shares	Dividend	Retained earnings
	DKK	DKK	DKK	DKK
Equity at 1 January 2023	40.000		0	1.665.694
Dividend distributed in the year	0		-500.000	0
Shares bought for trading purpose		-170.569		
Profit for the year	0		0	766.941
Equity at 31 December 2023	40.000	-170.569	-500.000	2.432.635
Equity at 1 January 2022	40.000	0	0	1.643.670
Dividende	0	0	0	0
Profit for the year	0	0	0	22.024
Equity at 31 December 2022	40.000	0	0	1.665.694

Noter

	01.01-31.12.2023	01.01-31.12.2022
	DKK	DKK
1. Employee benefit expenses		
Salary and pension	4.106.824	4.591.662
Cost for social security	31.620	23.545
Other Employee costs	175.355	81.335
	<u>4.313.799</u>	<u>4.696.542</u>
Average number of employees	<u>4</u>	<u>4</u>
2. Tax		
Tax applicable to this years profit	<u>219.978</u>	<u>14.388</u>
Tax applicable this years profit	<u>219.978</u>	<u>14.388</u>
Tax expense this years profit	219.978	14.388
Tax paid during the periode	<u>-188.000</u>	<u>-73.000</u>
Total payable tax	<u>31.978</u>	<u>-58.612</u>

3. Contingent liabilities

Rental obligations

A lease agreement has been entered into, lease is for the premises of the company, with the usual notice period of 3 months, corresponding to a total commitment of t.kr 66

Accounting policies

The Annual report for InnoStrat ApS for the period 01.01.2023 – 31.12.2023 is prepared according to the regulations of The Danish Financial Statements Act for companies in accounting class B with the addition of provisions from higher accounting class.

Accounting currency

The reporting currency for the annual report is DKK.

Transactions in foreign currency are converted into Danish kroner at the transaction date's rate. Monetary assets and liabilities denominated in foreign currency are converted into Danish kroner at the exchange rates of the balance sheet date. Realised and unrealised foreign exchange gains and losses are included in the income statement under financial items.

Overall accounting policies:

General information about recognition and measurement

Income is recognised in the income statement as it is earned, including value adjustments to financial assets and liabilities measured at fair value or amortised cost. In addition, the profit and loss account include all expenses incurred to achieve earnings for the year, including depreciation, write-downs and provisions, as well as reversals resulting from revised accounting estimates of amounts that are earlier recognised in the profit and loss account.

Assets are recognised in the balance sheet when it is likely that future economic benefits will accrue to the company and the value of the asset can be reliably measured.

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

Certain financial items, assets and liabilities are measured at amortised cost, thereby acknowledging a constant effective interest rate over maturity. Amortised cost is calculated as original cost less instalments and additions/deductions of the accumulated depreciation of the difference cost price and nominal amount. In this way, capital losses and gains are distributed over the maturity.

Recognition and measurement shall take into account foreseeable losses and risks arising before the annual report is submitted and which confirm or deny conditions existing on the balance sheet date.

Income statement

Net sales

Net sales include invoiced sales for the year as well as work in progress.

Other external costs

Other external costs include sales and administration costs.

Employe benefit expenses.

Staff costs include salaries and salaries, pensions and social security costs.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the profit and loss account with the amounts relating to the financial year. Financial income and expenses include interest income and expenses, realised and unrealised exchange gains and losses on securities, debts, foreign currency transactions, dividends received from other participations, amortisation of financial assets and liabilities, and premiums and incursions under the tax on account regime.

Tax on profit for the year

Tax on profit for the year includes current tax on the expected taxable income for the year and the adjustment of deferred tax for the year less the part of the tax for the year that relates to equity movements. Current and deferred taxes relating to equity movements are recognised directly in equity.

Balance

Tangible fixed assets

Tangible fixed assets shall be measured at cost less accumulated depreciation or use-value where this is lower for reasons not assumed to be transient.

Assets with an acquisition cost below DKK 32,000 per unit are recognised as costs in the income statement in the year of acquisition.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value. The value is reduced by impairment to offset expected losses.

Cash

Cash and cash equivalents include cash and short-term securities with a maturity of less than 3 months, which can be converted into cash without hindrance and for which there are negligible risks of value changes.

Equity

Dividends proposed for the financial year are presented as a separate item under own funds.

Own shares:

During the year, the company acquired 10% of the company's shares.
The transaction has been made at the net asset value realised as of 31.12.2022.
The company expects to divest the shares to future investors.

Provisions

Deferred tax

Deferred tax and its adjustment for the year are calculated according to the balance-sheet debt method as the tax value of all temporary differences between the accounting and tax values of assets and liabilities.

Accounting policies

Deferred tax assets, including the tax value of carry-forward tax losses, are recognized with the value to which they are expected to be applied, either by offsetting taxes on future earnings or by offsetting deferred tax liabilities of companies within the same legal tax entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will apply under the balance sheet date legislation when the deferred tax is expected to be triggered as current tax.

Financial liabilities

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

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the balance sheet as imputed tax on the expected taxable income for the year, adjusted for tax on previous years' taxable income, as well as for taxes paid on account.

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the balance sheet but disclosed only in the notes on the accounts.