

gMendel ApS

Fruebjergvej 3, 2100 København Ø
CVR no. 41 50 55 24

Annual report for the financial year 09.07.20 - 31.12.21

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 09.03.22

Christos Kyriakidis
Dirigent



Company information etc.	3
Statement by the Executive Board on the annual report	4
Practitioner's compilation report	5
Management's review	6 - 7
Income statement	8
Balance sheet	9 - 10
Statement of changes in equity	11
Notes	12 - 17

The company

gMendel ApS
Fruebjergvej 3
2100 København Ø
Registered office: København Ø
CVR no.: 41 50 55 24
Financial year: 01.01 - 31.12

Executive Board

Direktør Christos Kyriakidis

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement by the Executive Board on the annual report

I have on this day presented the annual report for the financial year 09.07.20 - 31.12.21 for gMendel ApS.

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

The financial statements have not been audited, and I declare that the relevant conditions have been met.

In my opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.21 and of the results of the company's activities for the financial year 09.07.20 - 31.12.21.

I believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Copenhagen, March 9, 2022

Executive Board

Christos Kyriakidis
Direktør

To the management of gMendel ApS

Based on the company's book-keeping and other information provided by the management, we have compiled the financial statements of gMendel ApS for the financial year 09.07.20 - 31.12.21.

The financial statements comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

We have performed our compilation engagement in accordance with the ISRS 4410 standard on Engagements to Compile Financial Statements.

We have applied our professional expertise to assist the management with the preparation and presentation of the financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions of the Danish Act on Approved Auditors and Audit Firms (Revisorloven) and the code of ethics of International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), including principles of integrity, professional competence and due care.

Management retains responsibility for the financial statements and for the accuracy and completeness of the financial information on the basis of which the financial statements are prepared and presented.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information provided by management for the compilation of the financial statements. Accordingly, we will not express an audit opinion or a review conclusion on whether the financial statements are prepared in accordance with the Danish Financial Statements Act.

Soeborg, Copenhagen, March 9, 2022

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Joan Christensen
State Authorized Public Accountant
MNE-no. mne32741

Primary activities

The company's activities comprise business with disease prevention, diagnosis and treatment using artificial intelligence and genomics as well as related activities.

Development in activities and financial affairs

The income statement for the period 09.07.20 - 31.12.21 shows a profit/loss of DKK -2,884,898. The balance sheet shows equity of DKK -2,784,898.

Introduction

There are 350 million people worldwide who suffer from Rare/Genetic Disorders (GDs) (50% of them are children). Diagnosis of GDs relies on a set of non-accurate conventional techniques, as advanced genomic technologies have high cost and complexity. As a result, even after dozens of medical examinations, which takes on average 7 years, 40% of patients are still misdiagnosed, creating a heavy human, economic and societal burden, with lifetime costs EUR 2.5M. The low accuracy of the conventional techniques is a challenge, which impacts the willingness of the NHS and Health Care Professionals (HCPs) to include them timely in their routine practice. Basic Carrier Testing (BCT), Non-Invasive Prenatal Testing (NIPT), Newborn Screening programs (NBS) exist in many countries, but are not harmonized, leading to significant disparity and discrepancies, both in terms of the access to screening and the number of GDs screened (ranging between 2 and 30 GDs).

gMendel® is a Danish biotech aiming to democratize diagnosis of genetic disorders and improve the outcome for the many families living with the insecurity of not knowing what causes the symptoms their child lives with.

The gMendel® technology aims to revolutionize the BCT, NIPT and NBS in Europe and around the world through introduction of an harmonized screening panel using accurate **genomic** technology combined with **machine learning (ML)** and **blockchain**, resulting in a real-time, reliable offering that can be made available widely at a low cost, ensuring the highest security & patient data encryption. It employs customized deep learning architectures at all levels of the learning process, from feature extraction to assessment and follow-up care. Following a multi model fusion strategy, the outcomes of the individual models are combined into a single and accurate medical decision. A distinct benefit of our technology is that is 10x faster than the guppy barcoder & 50x faster than the Smith–Waterman algorithm. We have done 100s of tests with healthy, aberration positive and DNA in tube samples to optimise processes and further develop our proprietary multilevel multiplexing method. In December 2021 we fully documented our QMS. In January 2022 we released Phivea® Platform 1.0.0. In February 2022 we were granted the ISO 13485:2016 certification by Lloyd's Register and we had the official performance evaluation of our technology with sensitivity, specificity & accuracy 99+%. By end of March 2022, the gMendel® Test - a novel screening technology for detection of Klinefelter Syndrome, will be registered at the Danish Medicines Agency, shortly followed by the most common

aneuploidies & microdeletion syndromes & the 3 diseases (Fragile X, CF, SMA) comprising the Basic Carrier Testing for all Ethnicities and by 2024, gMendel® will offer a prenatal/postnatal diagnostic technology for 32 genetic disorders (comprising of the most prevalent genetic disorders with treatment in Europe). Additionally, by Q2 2022 gMendel® expects to be able to offer value-added services such as customised screening technologies, suitable for the Healthcare Industry to: 1) identify subjects for clinical trials; 2) early diagnosis for patients suitable for their treatment.

gMendel® with its rapid, scalable, reliable, and accurate technology, expects to make a significant impact on people's lives and can help the health systems realize sizeable savings, as well as to create healthy revenue base through its market share of the global market for diagnosis of GDs, which is expected to reach EUR 60 Billion by 2030.

Looking ahead

To us, 2022 already presents a range of exciting opportunities to come. From leveraging robust technology for screening and diagnosis of genetic disorders to becoming a strong voice in influencing public policy for disease management, we are looking ahead filled with a sense of commitment to utilizing the expertise of our people, emphasizing our innovation capabilities and strongly engaging with international networks and advocacy groups that can bring change.

Subsequent events

No important events have occurred after the end of the financial year.

	09.07.20
Note	31.12.21
	DKK
Gross loss	-2,875,357
1 Staff costs	-572,359
Loss before depreciation, amortisation, write-downs and impairment losses	-3,447,716
2 Financial expenses	-40,601
Loss before tax	-3,488,317
Tax on loss for the year	603,419
Loss for the year	-2,884,898
Proposed appropriation account	
Retained earnings	-2,884,898
Total	-2,884,898

ASSETS		31.12.21
		DKK
Note		
	Deposits	9,651
	Total investments	9,651
	Total non-current assets	9,651
	Income tax receivable	603,419
	Other receivables	18,249
	Total receivables	621,668
	Cash	31,946
	Total current assets	653,614
	Total assets	663,265

EQUITY AND LIABILITIES		31.12.21
		DKK
Note		
	Share capital	40,000
	Retained earnings	-2,824,898
	Total equity	-2,784,898
3	Payables to group enterprises	1,314,247
3	Other payables	1,774,317
	Total long-term payables	3,088,564
	Trade payables	320,393
	Other payables	39,206
	Total short-term payables	359,599
	Total payables	3,448,163
	Total equity and liabilities	663,265
4	Contingent liabilities	
5	Charges and security	

Statement of changes in equity

Figures in DKK	Share capital	Share premium	Retained earnings	Total equity
Statement of changes in equity for 09.07.20 - 31.12.21				
Capital contributed on establishment	40,000	60,000	0	100,000
Transfers to/from other reserves	0	-60,000	60,000	0
Net profit/loss for the year	0	0	-2,884,898	-2,884,898
Balance as at 31.12.21	40,000	0	-2,824,898	-2,784,898

09.07.20
31.12.21
DKK

1. Staff costs

Wages and salaries	367,108
Other social security costs	3,712
Other staff costs	201,539
Total	572,359

Average number of employees during the year 1

2. Financial expenses

Interest, group enterprises	14,247
Other interest expenses	2,037
Other financial expenses	24,317
Total	40,601

3. Long-term payables

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.21	Total payables at 08.07.20
Payables to group enterprises	0	1,314,247	1,314,247	1,314,247
Other payables	0	1,774,317	1,774,317	1,774,317
Total	0	3,088,564	3,088,564	3,088,564

4. Contingent liabilities

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The total tax liability for the jointly taxed companies at the balance sheet date has not yet been determined. For further information, please see the financial statements of the management company Quaternity ApS.

5. Charges and security

The company has not provided any security over assets.

6. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

No comparative figures have been provided as this is the company's first financial year.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

6. Accounting policies - continued -**INCOME STATEMENT****Gross loss**

Gross loss comprises research and development costs and other external expenses.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

6. Accounting policies - continued -

BALANCE SHEET

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

6. Accounting policies - continued -

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.