21st.BIO A/S

Sydmarken 42
2860 Søborg
CVR No. 41554908

Annual report 2023

The Annual General Meeting adopted the annual report on 08.05.2024

Thomas Günther Schmidt
Chairman of the General Meeting

Contents

Entity details

Entity

21st.BIO A/S
Sydmarken 42
2860 Søborg

Business Registration No.: 41554908
Date of foundation: 01.08.2020
Registered office: Gladsaxe
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Thomas Günther Schmidt
Søren Møller
Claus Crone Fuglsang
Thomas Grotkjær
Thomas Dal Stenfeldt Batchelor

Executive Board

Thomas Günther Schmidt
Mikael Bechsgaard
Thorvald Uhrskov Ullum
Thomas Troelsgaard Kabel
Per Falholt

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 21st.BIO A/S for the financial year 01.01.2023 - 31.12.2023.

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 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023.

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.

Søborg, 08.05.2024

Executive Board

Thomas Günther Schmidt

Mikael Bechsgaard

Thorvald Uhrskov Ullum

Thomas Troelsgaard Kabel

Per Falholt

Board of Directors

Thomas Günther Schmidt

Søren Møller

Claus Crone Fuglsang

Thomas Grotkjær

Thomas Dal Stenfeldt Batchelor

Independent auditor's report

To the shareholders of 21st.BIO A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of 21st.BIO A/S for the financial year 01.01.2023 - 31.12.2023, 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 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023 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 by relevant law and regulations.

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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

København, 08.05.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Claus Jorch Andersen
State Authorised Public Accountant
Identification No (MNE) mne33712

Management commentary

Primary activities

21st.BIO is a bio-industrial scale-up company founded on a mission to support biotech companies across the globe to upscale their molecule innovations to large-scale production. This allows our customers to compete effectively and meet market demands for biobased solutions with new functionality, in turn allowing us to jointly advance the green transition together. The focus areas of 21st.BIO include proteins and peptides that can be utilized for the food, materials, and agricultural industries.

21st.BIO builds on select industrially proven technologies from Novonesis (former Novozymes A/S), which we use to develop our customers' expression platform and processes for large-scale production of their molecule innovation.

This is done by testing the target molecule in our various expression platforms within fungi, yeast or bacteria. With the right expression platform identified, our expert science team draws on a comprehensive strain bank and selects and optimizes the best-performing strains and develops a downstream process for it. This leads to an optimized production platform that enables customers to produce their product at commercially attractive costs and quantities, in turn leading to an increase in the likelihood of a successful launch and a decrease in time to market.

Description of material changes in activities and finances

In 2023, 21st.BIO continued to leap forward as we advanced our customers' production platforms to bring innovative, biology-based and commercially competitive solutions to the market. Over the past three years, 21st.Bio has grown our revenues and customer base substantially. This is a testament to our dedicated science team and the strength of our core technology.

In the period, the company also expanded our delivery capabilities, building our team, core technology, and infrastructure. A key event in the year was the successful completion of our new dedicated California, US-based R&D center. Together with the R&D center near Copenhagen, Denmark, 21st.BIO has capacity to serve our growing customer base in the coming years. In addition to our laboratory facilities, 21st.BIO also built an industrially designed pilot plant at our site near Copenhagen, which was finalized in the first quarter of 2024. With the pilot plant, 21st.Bio customers are now able to experience an integrated development process from strain design to CMO technology transfer.

Our company performed very well in terms of financial performance driven by a strong 78% increase in revenue. The growth was fueled by great traction on customer projects, where our expression platforms continued to deliver and perform. Despite this rapid expansion, we maintained disciplined cost management, ensuring that expenses remained within the planned range and targets. As planned, the company invested strongly in both people and sites, realizing an operating loss for the year of 44,4 million DKK. The result after tax was a loss of 42,3 million DKK including refund from the joint taxation scheme.

On the funding front, our Series A round of financing progressed as planned, providing us with the necessary capital to support our strategic objectives. We are pleased to report that we are meeting the milestones outlined in our strategic roadmap, demonstrating our ability to execute and create value to our stakeholders.

Our enhanced delivery capabilities have positioned us to scale operations, driving increased customer intake and revenue growth. With a robust cash position at the end of 2023 of 88,6 million DKK and an equity position of 294,8 million DKK, we're well-equipped to sustain this growth trajectory until achieving profitability. Looking ahead, our focus remains on executing our strategy to capitalize on these promising opportunities.

Environmental performance

In early 2024, we established the foundation of a comprehensive ESG management system, featuring a reporting dashboard to ensure our readiness to meet investors' ESG reporting demands and a roadmap for developing key ESG policies and supporting governance structures. Our ESG reporting framework closely aligns with the Principal Adverse Impact (PAI) indicators outlined in the Sustainability Finance Disclosure Regulation (SFDR), serving as best-practice metrics for assessing and disclosing ESG risks while empowering investors to gauge impact measures. Following SFDR requirements for PAI reporting, we will be reporting on the mandatory PAI indicators alongside 2 additional ones chosen by 21st.BIO once having established the necessary data foundation.

We expect to initiate data collection on theses indicators within 2024. To ensure adequate governance and anchoring of key items, we are appointing an ESG responsible Board member and further expect to dedicate sustainability resources within this year.

Beyond laying the groundwork for ESG reporting, our motivation stems from empowering our customers to drive positive impact globally. Our technology platform is intrinsically crafted to help our customers achieve bio-industrial production at scale, which holds the potential to fulfill numerous environmental objectives listed in the SFDR seen in relation to market alternatives.

Particularly in the realm of animal-free whey protein, we have collaborated with third-party providers to validate the potential impact of 21st.Bio customers using our bio-industrial technology to bring an animal-free protein product to market. We have received validation that our technology holds the potential to classify as an enabling activity, driving significant reductions to GHG emissions (contributing to climate change mitigation), water usage, and land utilization (impacting biodiversity and ecosystems) compared to conventional cow milk alternatives. Collaborating with customers to validate the scope of their Life Cycle Impact Assessments (LCIA) and understanding the sensitivity of increased strain efficiency to the LCIA will help further substantiate the environmental impact of our platform. This will be a key indicator to provide investors assurance of our eligibility as a sustainable investment under Article 9 of the SFDR.

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.

Consolidated income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		**11,613,418**	**(6,313,646)**
Staff costs	1	(37,438,692)	(29,119,493)
Depreciation, amortisation and impairment losses		(18,608,117)	(17,079,764)
Operating profit/loss		**(44,433,391)**	**(52,512,903)**
Other financial income	2	1,362,139	276,336
Other financial expenses	3	(5,326,496)	(1,689,448)
Profit/loss before tax		**(48,397,748)**	**(53,926,015)**
Tax on profit/loss for the year	4	6,137,630	17,313,774
Profit/loss for the year		**(42,260,118)**	**(36,612,241)**
Proposed distribution of profit and loss			
Retained earnings		(42,260,118)	(36,612,241)
Proposed distribution of profit and loss		**(42,260,118)**	**(36,612,241)**

Consolidated balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Completed development projects	6	17,379,018	7,597,622
Acquired intangible assets		218,747,822	235,574,578
Development projects in progress	6	7,693,447	2,316,261
Intangible assets	5	**243,820,287**	**245,488,461**
Other fixtures and fittings, tools and equipment		41,306,408	1,765,344
Leasehold improvements		3,687,473	2,320,856
Property, plant and equipment in progress		18,279,994	6,908,250
Property, plant and equipment	7	**63,273,875**	**10,994,450**
Deposits		1,859,252	1,544,609
Financial assets	8	**1,859,252**	**1,544,609**
Non-current assets		**308,953,414**	**258,027,520**
Trade receivables		10,211,617	2,495,609
Other receivables		3,657,397	2,467,105
Joint taxation contribution receivable		10,307,300	14,424,586
Prepayments		3,951,716	7,233,981
Receivables		**28,128,030**	**26,621,281**
Cash		**88,706,107**	**50,396,338**
Current assets		**116,834,137**	**77,017,619**
Assets		**425,787,551**	**335,045,139**

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		12,058,092	10,099,334
Retained earnings		282,750,672	252,516,497
Equity		**294,808,764**	**262,615,831**
Deferred tax		55,514,216	54,185,278
Provisions		**55,514,216**	**54,185,278**
Other provisions		1,536,000	0
Other payables		45,000,293	0
Deferred income		3,592,730	0
Non-current liabilities other than provisions	9	**50,129,023**	**0**
Current portion of non-current liabilities other than provisions	9	463,192	0
Trade payables		15,125,258	8,078,234
Other payables	10	9,747,098	10,165,796
Current liabilities other than provisions		**25,335,548**	**18,244,030**
Liabilities other than provisions		**75,464,571**	**18,244,030**
Equity and liabilities		**425,787,551**	**335,045,139**
Unrecognised rental and lease commitments	12		
Assets charged and collateral	13		
Subsidiaries	14		

Consolidated statement of changes in equity for 2023

	Contributed capital DKK	Share premium DKK	Translation reserve DKK	Retained earnings DKK	Total DKK
Equity beginning of year	10,099,334	0	0	252,516,497	262,615,831
Increase of capital	1,958,758	72,541,242	0	0	74,500,000
Exchange rate adjustments	0	0	(46,949)	0	(46,949)
Transfer to reserves	0	(72,541,242)	46,949	72,494,293	0
Profit/loss for the year	0	0	0	(42,260,118)	(42,260,118)
Equity end of year	**12,058,092**	**0**	**0**	**282,750,672**	**294,808,764**

Consolidated cash flow statement for 2023

	Notes	2023 DKK	2022 DKK
Operating profit/loss		(44,433,391)	(52,512,903)
Amortisation, depreciation and impairment losses		18,608,117	17,079,764
Working capital changes	11	1,120,697	(270,547)
Cash flow from ordinary operating activities		**(24,704,577)**	**(35,703,686)**
Financial income received		1,362,139	276,336
Financial expenses paid		(5,326,496)	(1,689,448)
Taxes refunded/(paid)		11,617,696	0
Cash flows from operating activities		**(17,051,238)**	**(37,116,798)**
Acquisition etc. of intangible assets		(16,206,708)	(206,575,802)
Sale of intangible assets		0	169,629
Acquisition etc. of property, plant and equipment		(55,289,282)	(9,402,424)
Sale of property, plant and equipment		3,272,189	122,878
Acquisition of fixed asset investments		(325,516)	(1,159,184)
Cash flows from investing activities		**(68,549,317)**	**(216,844,903)**
Free cash flows generated from operations and investments before financing		**(85,600,555)**	**(253,961,701)**
Loans raised		45,000,293	0
Cash capital increase		74,500,000	275,373,930
Other cash flows from financing activities		4,410,031	0
Cash flows from financing activities		**123,910,324**	**275,373,930**
Increase/decrease in cash and cash equivalents		**38,309,769**	**21,412,229**
Cash and cash equivalents beginning of year		50,396,338	28,984,109
Cash and cash equivalents end of year		**88,706,107**	**50,396,338**

Cash and cash equivalents at year-end are composed of:			
Cash		88,706,107	50,396,338
Cash and cash equivalents end of year		**88,706,107**	**50,396,338**

Notes to consolidated financial statements

1 Staff costs

	2023 DKK	2022 DKK
Wages and salaries	34,986,282	28,043,337
Pension costs	820,955	46,405
Other social security costs	141,383	66,073
Other staff costs	1,490,072	963,678
	37,438,692	**29,119,493**

Average number of full-time employees	**32**	**21**

2 Other financial income

	2023 DKK	2022 DKK
Other interest income	1,183,811	0
Exchange rate adjustments	160,296	276,336
Other financial income	18,032	0
	1,362,139	**276,336**

3 Other financial expenses

	2023 DKK	2022 DKK
Other interest expenses	2,998,194	648,332
Exchange rate adjustments	2,327,405	1,038,429
Other financial expenses	897	2,687
	5,326,496	**1,689,448**

4 Tax on profit/loss for the year

	2023 DKK	2022 DKK
Current tax	70,083	282,653
Change in deferred tax	1,328,938	1,971,945
Adjustment concerning previous years	2,770,649	(5,143,786)
Refund in joint taxation arrangement	(10,307,300)	(14,424,586)
	(6,137,630)	**(17,313,774)**

5 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Development projects in progress DKK
Cost beginning of year	7,772,800	252,401,333	2,316,261
Exchange rate adjustments	(1,244)	0	0
Transfers	2,316,261	0	(2,316,261)
Additions	8,513,261	0	7,693,447
Cost end of year	**18,601,078**	**252,401,333**	**7,693,447**
Amortisation and impairment losses beginning of year	(175,178)	(16,826,755)	0
Exchange rate adjustments	103	0	0
Impairment losses for the year	(19,076)	0	0
Amortisation for the year	(1,027,909)	(16,826,756)	0
Amortisation and impairment losses end of year	**(1,222,060)**	**(33,653,511)**	**0**
Carrying amount end of year	**17,379,018**	**218,747,822**	**7,693,447**

6 Development projects

Management has not identified any indicators of impairment relative to the carrying amount of capitalized development projects.

The company has capitalized external development cost relating to the development of a budget model and strain engineering.

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Property, plant and equipment in progress DKK
Cost beginning of year	1,791,100	2,370,581	6,908,250
Exchange rate adjustments	0	0	(180,278)
Transfers	5,413,151	1,495,099	(6,908,250)
Additions	34,757,036	3,671,974	18,460,272
Disposals	0	(3,392,981)	0
Cost end of year	**41,961,287**	**4,144,673**	**18,279,994**
Depreciation and impairment losses beginning of year	(25,756)	(49,725)	0
Depreciation for the year	(629,123)	(528,267)	0
Reversal regarding disposals	0	120,792	0
Depreciation and impairment losses end of year	**(654,879)**	**(457,200)**	**0**
Carrying amount end of year	**41,306,408**	**3,687,473**	**18,279,994**

8 Financial assets

	Deposits DKK
Cost beginning of year	1,544,609
Exchange rate adjustments	(10,873)
Additions	325,516
Cost end of year	**1,859,252**
Carrying amount end of year	**1,859,252**

9 Non-current liabilities other than provisions

	Due within 12 months 2023 DKK	Due after more than 12 months 2023 DKK	Outstanding after 5 years 2023 DKK
Other provisions	64,000	1,536,000	1,280,000
Other payables	0	45,000,293	21,680,831
Deferred income	399,192	3,592,730	1,995,960
	463,192	**50,129,023**	**24,956,791**

10 Other payables

	2023 DKK	2022 DKK
Wages and salaries, personal income taxes, social security costs, etc. payable	7,131,388	567,403
Holiday pay obligation	439,953	241,925
Other costs payable	2,175,757	9,356,468
	9,747,098	**10,165,796**

11 Changes in working capital

	2023 DKK	2022 DKK
Increase/decrease in receivables	(5,624,035)	(8,453,997)
Increase/decrease in trade payables etc.	6,628,326	8,113,060
Other changes	116,406	70,390
	1,120,697	**(270,547)**

12 Unrecognised rental and lease commitments

	2023 DKK	2022 DKK
Total liabilities under rental or lease agreements until maturity	97,417,833	17,949,588

13 Assets charged and collateral

Mortgage debt is secured by way of mortgage on assets and collateral amounting to DKK 45,000,000.

14 Subsidiaries

	Registered in	Corporate form	Ownership %
21st.BIO Inc.	California, USA	Inc	100.00

Parent income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		**(9,825,858)**	**(21,930,501)**
Staff costs	1	(20,173,627)	(16,445,384)
Depreciation, amortisation and impairment losses		(18,068,434)	(17,070,999)
Operating profit/loss		**(48,067,919)**	**(55,446,884)**
Income from investments in group enterprises		(4,818,490)	1,751,682
Other financial income	2	7,643,229	304,185
Other financial expenses	3	(3,224,651)	(817,651)
Profit/loss before tax		**(48,467,831)**	**(54,208,668)**
Tax on profit/loss for the year	4	6,207,713	17,596,427
Profit/loss for the year		**(42,260,118)**	**(36,612,241)**
Proposed distribution of profit and loss			
Retained earnings		(42,260,118)	(36,612,241)
Proposed distribution of profit and loss		**(42,260,118)**	**(36,612,241)**

Parent balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Completed development projects	6	17,298,910	7,562,681
Acquired intangible assets		218,747,822	235,574,578
Development projects in progress	6	7,693,447	2,316,261
Intangible assets	5	**243,740,179**	**245,453,520**
Other fixtures and fittings, tools and equipment		1,498,736	1,607,252
Leasehold improvements		433,903	2,320,856
Property, plant and equipment in progress		18,460,272	1,495,099
Property, plant and equipment	7	**20,392,911**	**5,423,207**
Investments in group enterprises		0	2,221,196
Deposits		1,421,455	1,211,381
Financial assets	8	**1,421,455**	**3,432,577**
Non-current assets		**265,554,545**	**254,309,304**
Trade receivables		10,211,617	2,495,609
Receivables from group enterprises		43,812,447	5,208,967
Other receivables		3,657,397	2,467,106
Joint taxation contribution receivable		10,307,300	14,424,586
Prepayments		2,783,226	1,195,836
Receivables		**70,771,987**	**25,792,104**
Cash		**82,873,903**	**49,286,568**
Current assets		**153,645,890**	**75,078,672**
Assets		**419,200,435**	**329,387,976**

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		12,058,092	10,099,334
Reserve for net revaluation according to equity method		0	2,214,635
Retained earnings		282,750,672	250,301,862
Equity		**294,808,764**	**262,615,831**
Deferred tax		55,514,216	54,185,278
Provisions		**55,514,216**	**54,185,278**
Other provisions		1,536,000	0
Other payables		45,000,293	0
Non-current liabilities other than provisions	9	**46,536,293**	**0**
Current portion of non-current liabilities other than provisions	9	64,000	0
Trade payables		14,705,821	5,476,456
Other payables	10	7,571,341	7,110,411
Current liabilities other than provisions		**22,341,162**	**12,586,867**
Liabilities other than provisions		**68,877,455**	**12,586,867**
Equity and liabilities		**419,200,435**	**329,387,976**
Unrecognised rental and lease commitments	11		
Assets charged and collateral	12		

Parent statement of changes in equity for 2023

	Contributed capital DKK	Share premium DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	10,099,334	0	2,214,635	250,301,862	262,615,831
Increase of capital	1,958,758	72,541,242	0	0	74,500,000
Exchange rate adjustments	0	0	(46,949)	0	(46,949)
Transfer to reserves	0	(72,541,242)	0	72,541,242	0
Profit/loss for the year	0	0	(2,167,686)	(40,092,432)	(42,260,118)
Equity end of year	**12,058,092**	**0**	**0**	**282,750,672**	**294,808,764**

The company has introduced incentive plans aimed at key employees. Share options are vesting over time to ensure the retention of such key employees. The total number of shares for which key employees may become eligible at 31. December 2023 is 440.453. The options are exercisable at an average exercise price of DKK 1.

As part of the merger with Novozymes Biotechnology ApS the company has granted performance warrants based on fulfilment of certain milestones.

Notes to parent financial statements

1 Staff costs

	2023 DKK	2022 DKK
Wages and salaries	19,189,210	15,814,288
Other social security costs	141,383	66,073
Other staff costs	843,034	565,023
	20,173,627	**16,445,384**

Average number of full-time employees	**19**	**11**

2 Other financial income

	2023 DKK	2022 DKK
Financial income from group enterprises	6,393,141	0
Other interest income	1,183,811	0
Exchange rate adjustments	66,277	304,185
	7,643,229	**304,185**

3 Other financial expenses

	2023 DKK	2022 DKK
Other interest expenses	2,998,194	648,331
Exchange rate adjustments	226,457	169,320
	3,224,651	**817,651**

4 Tax on profit/loss for the year

	2023 DKK	2022 DKK
Change in deferred tax	1,328,938	1,971,945
Adjustment concerning previous years	2,770,649	(5,143,786)
Refund in joint taxation arrangement	(10,307,300)	(14,424,586)
	(6,207,713)	**(17,596,427)**

5 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Development projects in progress DKK
Cost beginning of year	7,734,683	252,401,333	2,316,261
Transfers	2,316,261	0	(2,316,261)
Additions	8,447,877	0	7,693,447
Cost end of year	**18,498,821**	**252,401,333**	**7,693,447**
Amortisation and impairment losses beginning of year	(172,002)	(16,826,755)	0
Amortisation for the year	(1,027,909)	(16,826,756)	0
Amortisation and impairment losses end of year	**(1,199,911)**	**(33,653,511)**	**0**
Carrying amount end of year	**17,298,910**	**218,747,822**	**7,693,447**

6 Development projects

Management has not identified any indicators of impairment relative to the carrying amount of capitalized development projects.

The company has capitalized external development cost relating to the development of a budget model and strain engineering.

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Property, plant and equipment in progress DKK
Cost beginning of year	1,627,734	2,370,581	1,495,099
Transfers	0	1,495,099	(1,495,099)
Additions	0	0	18,460,272
Disposals	0	(3,392,981)	0
Cost end of year	**1,627,734**	**472,699**	**18,460,272**
Depreciation and impairment losses beginning of year	(20,482)	(49,725)	0
Depreciation for the year	(108,516)	(109,863)	0
Reversal regarding disposals	0	120,792	0
Depreciation and impairment losses end of year	**(128,998)**	**(38,796)**	**0**
Carrying amount end of year	**1,498,736**	**433,903**	**18,460,272**

8 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	6,561	1,211,381
Additions	0	210,074
Cost end of year	**6,561**	**1,421,455**
Revaluations beginning of year	2,214,635	0
Exchange rate adjustments	(46,949)	0
Share of profit/loss for the year	(4,818,490)	0
Investments with negative equity value depreciated over receivables	2,644,243	0
Revaluations end of year	**(6,561)**	**0**
Carrying amount end of year	**0**	**1,421,455**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

9 Non-current liabilities other than provisions

	Due within 12 months 2023 DKK	Due after more than 12 months 2023 DKK	Outstanding after 5 years 2023 DKK
Other provisions	64,000	1,536,000	1,280,000
Other payables	0	45,000,293	21,680,831
	64,000	**46,536,293**	**22,960,831**

10 Other payables

	2023 DKK	2022 DKK
Wages and salaries, personal income taxes, social security costs, etc. payable	7,131,388	6,868,486
Holiday pay obligation	439,953	241,925
	7,571,341	**7,110,411**

11 Unrecognised rental and lease commitments

	2023 DKK	2022 DKK
Total liabilities under rental or lease agreements until maturity	52,638,340	17,949,588

12 Assets charged and collateral

Mortgage debt is secured by way of mortgage on assets and collateral amounting to DKK 45,000,000.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

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

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.

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.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in the translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in the translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, costs of consumables and external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including salary refunds.

Cost of sales

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

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and normal writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's normal 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.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income
Other financial income comprises exchange gains on payables and transactions in foreign currencies.

Other financial expenses
Other financial expenses comprise interest expenses.

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

Intellectual property rights etc.
Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

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 in the 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. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

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 manufacturing process are recognised in cost based on time spent on each asset.

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:

	Useful life
Other fixtures and fittings, tools and equipment	10-15 years
Leasehold improvements	10-15 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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 recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

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

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.

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.

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.

Other provisions
Other provisions comprise anticipated costs of restructuring leasehold.

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.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

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

Deferred income
Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

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.