



21st.BIO A/S

Teknikerbyen 5, 2.
2830 Virum
CVR No. 41554908

Annual report 2022

The Annual General Meeting adopted the
annual report on 09.05.2023

Thomas Günther Schmidt
Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2022	8
Balance sheet at 31.12.2022	9
Statement of changes in equity for 2022	11
Notes	13
Accounting policies	16

Entity details

Entity

21st.BIO A/S

Teknikerbyen 5, 2.

2830 Virum

Business Registration No.: 41554908

Date of foundation: 01.08.2020

Registered office: Virum

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Søren Møller, Chairman

Thomas Günther Schmidt

Anders Bendsen Spohr

Claus Crone Fuglsang

Amy Louise Byrick

Executive Board

Thomas Günther Schmidt, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

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 01.01.2022 - 31.12.2022.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

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

We recommend to the Annual General Meeting that the financial statements for the next financial year not be audited.

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

Søborg, 09.05.2023

Executive Board

Thomas Günther Schmidt

Chief Executive Officer

Board of Directors

Søren Møller

Chairman

Thomas Günther Schmidt

Anders Bendsen Spohr

Claus Crone Fuglsang

Amy Louise Byrick

Independent auditor's report

To the shareholders of 21st.BIO A/S

Opinion

We have audited the financial statements of 21st.BIO A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 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 financial statements" section of this auditor's report. We are independent of the Entity 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 financial statements

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

In preparing the financial statements, Management is responsible for assessing the 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 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 financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report 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 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 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 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 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

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

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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 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.

Søborg, 09.05.2023

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 bio-industrial companies globally in upscaling from molecule innovation to large-scale production. This allows customers to compete effectively and meet market demands for biobased solutions. Thereby our customers advance the green transition globally. 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 technologies from Novozymes A/S and helps customers develop their expression platform and process for large-scale production of their particular molecule by testing the molecule using various expression platforms, such as fungi, yeast or bacteria. When the right expression platform has been identified, 21st.BIO draws on its 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 clients 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 2022, 21st.BIO made significant leaps forward as we continued to advance our customers' production platforms to bring green biology-based and commercially competitive solutions to the market. In our second full year, the company increased revenues significantly while building out our team, technology, and delivery capabilities. Our core technology continued to prove itself, adding substantial value to our dedicated customer programs. Meanwhile, new and dedicated site locations were selected for both our Danish R&D center and headquarter as well as our American R&D center, representing important steps ahead in securing 21st.Bio's delivery capabilities for the future.

Financially, the year lived up to our expectations in full. 21st.BIO increased revenue significantly from previous financial year, as we continued scaling our customer programs. The company fulfilled important milestones successfully leading up to the agreed Series A financing round during which 21st.BIO A/S merged with Novozymes Technology ApS, with 21st.BIO as the continuing entity. Comparatives have not been restated in accordance with pooling of interests method and book value method. The merger was incorporated in the annual report with accounting effect from January 1, 2022.

As planned, the company also invested strongly in both its people and sites, realizing an operating loss for the year of 55,4 million DKK. This included the full-year depreciation effect of the abovementioned merger. The result after tax was 36,6 million DKK after tax including refund from the joint taxation scheme. This in turn resulted in a cash balance at the end of 2021 of 49,3 million DKK and an equity position of 262,6 million DKK.

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.

Income statement for 2022

	Notes	2022 DKK	2020/21 DKK
Gross profit/loss		(21,930,501)	(19,455,071)
Staff costs	1	(16,445,384)	(2,808,463)
Depreciation, amortisation and impairment losses		(17,070,999)	0
Operating profit/loss		(55,446,884)	(22,263,534)
Income from investments in group enterprises		1,751,682	462,953
Other financial income		304,185	85,558
Other financial expenses		(817,651)	(80,835)
Profit/loss before tax		(54,208,668)	(21,795,858)
Tax on profit/loss for the year	2	17,596,427	0
Profit/loss for the year		(36,612,241)	(21,795,858)
Proposed distribution of profit and loss			
Retained earnings		(36,612,241)	(21,795,858)
Proposed distribution of profit and loss		(36,612,241)	(21,795,858)

Balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2020/21 DKK
Acquired intangible assets		243,137,259	0
Development projects in progress	4	2,316,261	0
Intangible assets	3	245,453,520	0
Other fixtures and fittings, tools and equipment		3,928,108	31,920
Property, plant and equipment in progress		1,495,099	1,495,099
Property, plant and equipment	5	5,423,207	1,527,019
Investments in group enterprises		2,221,196	469,514
Deposits		1,211,381	52,197
Financial assets	6	3,432,577	521,711
Fixed assets		254,309,304	2,048,730
Trade receivables		2,495,609	33,835
Receivables from group enterprises		5,208,967	3,870,341
Other receivables		2,467,106	3,708,864
Joint taxation contribution receivable		14,424,586	0
Prepayments		1,195,836	0
Receivables		25,792,104	7,613,040
Cash		49,286,568	24,302,544
Current assets		75,078,672	31,915,584
Assets		329,387,976	33,964,314

Equity and liabilities

	Notes	2022 DKK	2020/21 DKK
Contributed capital		10,099,334	3,229,994
Revaluation reserve		0	469,514
Reserve for net revaluation according to the equity method		2,214,635	0
Retained earnings		250,301,862	20,154,634
Equity		262,615,831	23,854,142
Deferred tax		54,185,278	0
Provisions		54,185,278	0
Trade payables		11,777,539	9,054,049
Payables to owners and management		0	10,827
Other payables		809,328	1,045,296
Current liabilities other than provisions		12,586,867	10,110,172
Liabilities other than provisions		12,586,867	10,110,172
Equity and liabilities		329,387,976	33,964,314
Contingent liabilities	7		
Assets charged and collateral	8		

Statement of changes in equity for 2022

	Contributed capital DKK	Share premium DKK	Revaluation reserve DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK
Equity beginning of year	3,229,994	0	469,514	0	20,154,634
Effect of mergers and business combinations	4,896,896	195,456,517	0	0	0
Increase of capital	797,189	29,523,328	0	0	0
Capital increase by debt conversion	1,175,255	43,524,745	0	0	0
Transferred from share premium	0	(268,504,590)	0	0	268,504,590
Transfer to reserves	0	0	(469,514)	462,953	6,561
Profit/loss for the year	0	0	0	1,751,682	(38,363,923)
Equity end of year	10,099,334	0	0	2,214,635	250,301,862
					Total DKK
Equity beginning of year					23,854,142
Effect of mergers and business combinations					200,353,413
Increase of capital					30,320,517
Capital increase by debt conversion					44,700,000
Transferred from share premium					0
Transfer to reserves					0
Profit/loss for the year					(36,612,241)
Equity end of year					262,615,831

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 2022 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

1 Staff costs

	2022 DKK	2020/21 DKK
Wages and salaries	15,814,288	2,705,034
Other social security costs	66,073	3,190
Other staff costs	565,023	100,239
	16,445,384	2,808,463
Average number of full-time employees	11	3

2 Tax on profit/loss for the year

	2022 DKK	2020/21 DKK
Change in deferred tax	1,971,945	0
Adjustment concerning previous years	(5,143,786)	0
Refund in joint taxation arrangement	(14,424,586)	0
	(17,596,427)	0

3 Intangible assets

	Acquired intangible assets DKK	Development projects in progress DKK
Additions through business combinations etc.	252,401,333	0
Additions	7,904,312	2,316,261
Disposals	(169,629)	0
Cost end of year	260,136,016	2,316,261
Amortisation for the year	(16,998,757)	0
Amortisation and impairment losses end of year	(16,998,757)	0
Carrying amount end of year	243,137,259	2,316,261

4 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.

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Property, plant and equipment in progress DKK
Cost beginning of year	31,920	1,495,099
Additions	4,089,273	1,495,099
Disposals	(122,878)	(1,495,099)
Cost end of year	3,998,315	1,495,099
Depreciation for the year	(70,207)	0
Depreciation and impairment losses end of year	(70,207)	0
Carrying amount end of year	3,928,108	1,495,099

6 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	6,561	52,197
Additions	0	1,159,184
Cost end of year	6,561	1,211,381
Revaluations beginning of year	462,953	0
Share of profit/loss for the year	1,751,682	0
Revaluations end of year	2,214,635	0
Carrying amount end of year	2,221,196	1,211,381

7 Contingent liabilities

	2022 DKK	2020/21 DKK
Other contingent liabilities	17,949,588	247,197
Contingent liabilities	17,949,588	247,197

The contingent liabilities consists of a 6 year rent obligation to Fast Ejendom Danmark 1 ApS.

The Entity participates in a Danish joint taxation arrangement where Novo Holdings A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore secondarily liable for income taxes etc for the jointly taxed entities, which is limited to the equity interest by which the entity participates in the Group, and also secondarily liable 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 not issued assets charged and collateral.

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 financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Non-comparability

The Company has merged with Novozymes Biotechnology ApS and with 21st. BIO A/S as the continuing entity. Comparatives have not been restated in accordance with pooling of interests method and book value method. The merger has been incorporated in the annual report with accounting effect from 01.01.2022.

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.

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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost 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.

Cost of sales

Cost of sales comprises services consumed from service provider in the financial year measured at cost.

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.

Staff costs

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

Depreciation, amortisation and impairment losses

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

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 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 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 of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration.

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

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:

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

Estimated useful lives and residual values are reassessed annually.

Investments in group enterprises

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

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.

Investments in group enterprises 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.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been 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 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 financial liabilities

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