



21st.BIO A/S

Teknikerbyen 5, 2.
2830 Virum
CVR No. 41554908

**Annual report 01.08.2020 -
31.12.2021**

The Annual General Meeting adopted the
annual report on 18.05.2022

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 2020/21 | 9 |
| Balance sheet at 31.12.2021 | 10 |
| Statement of changes in equity for 2020/21 | 12 |
| Notes | 13 |
| Accounting policies | 15 |

Entity details

Entity

21st.BIO A/S

Teknikerbyen 5, 2.

2830 Virum

Business Registration No.: 41554908

Registered office: Virum

Financial year: 01.08.2020 - 31.12.2021

Board of Directors

Søren Møller, Chairman

Thomas Günther Schmidt

Anders Bendsen Spohr

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 01.08.2020 - 31.12.2021.

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 31.12.2021 and of the results of its operations for the financial year 01.08.2020 - 31.12.2021.

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

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

Virum, 18.05.2022

Executive Board

Thomas Günther Schmidt

Chief Executive Officer

Board of Directors

Søren Møller

Chairman

Thomas Günther Schmidt

Anders Bendsen Spohr

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 01.08.2020 - 31.12.2021, 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 31.12.2021 and of the results of its operations for the financial year 01.08.2020 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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.

Copenhagen, 18.05.2022

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 new bioindustrial scale-up company founded on mission to support bioindustrial companies globally in upscaling from molecule innovation to large-scale production to be able to meet market demands and thereby advance the green transition globally. The focus areas of 21st.Bio include proteins and peptides that can be utilised for the food, materials and agricultural industries.

21st.Bio builds on select technologies from Novozymes and helps customers develop their appropriate expression platform 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 optimises the best-performing strains. This leads to an optimised 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

2020/2021 was a seminal period for 21st.Bio. During the period of the 17 months covered in this first annual report, the company made substantial progress in setting up the company, its operations and customer activities.

Customer activity was very satisfactory in the year, and we experienced a strong demand from the market for our services and buy-in to our business concept.

We established our first R&D hub in Davis, California in the US, which is already serving its first clients. Important R&D milestones were reached during the period, which confirmed our belief that our technology platform and world-class team can make – and is now making – a critical difference in making our clients' innovations commercially relevant and bringing them to market faster. We will continue to expand our activities and advance our technology platform to serve more customers in the period to come.

In Denmark, we made very good progress in establishing our danish R&D hub, which will serve our European customers. Key hires were made, and we will continue to expand our team in the year to come, as well as establishing a permanent R&D and headquarter facility in the Copenhagen area. In the second half of 2021, 21st.Bio also initiated the design of its future production facility; a project that will continue into 2022. During the period, substantial management efforts and costs were dedicated to setting up the company, including building the combined team, securing our exclusive technology license with Novozymes, building the R&D IT infrastructure, and securing the seed financing and Series A financing agreement with Novo Holdings and Novozymes. The latter agreement was finalized on December 21st 2021, resulting in an investment agreement providing 641 million DKK of funding, which will allow 21st.Bio to make significant progress towards establishing its R&D hubs and production facilities. The funding will be released according to specified milestones.

The first revenues were realized in mid-2021 and by the end of the year 2021, the revenue target was achieved. With substantial costs realized in the first 17 months for R&D transitional services, one-off costs related to the establishment of the company, and investments in the R&D IT infrastructure, a gross loss of 16,0 million DKK was realized, and an operating loss of 18,8 million EUR. Including income from group enterprises, and financial income and expenses, this resulted in a loss for the year of 18,3 million DKK. This in turn resulted in a cash balance at the end of 2021 of 24,3 million DKK and an equity position of 27,3 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 2020/21

| | Notes | 2020/21 DKK |
|---|-------|---------------------|
| Gross profit/loss | | (19,455,071) |
| Staff costs | 1 | (2,808,463) |
| Operating profit/loss | | (22,263,534) |
| Income from investments in group enterprises | | 462,953 |
| Other financial income | | 85,558 |
| Other financial expenses | | (80,835) |
| Profit/loss for the year | | (21,795,858) |
| Proposed distribution of profit and loss | | |
| Retained earnings | | (21,795,858) |
| Proposed distribution of profit and loss | | (21,795,858) |

Balance sheet at 31.12.2021

Assets

| | Notes | 2020/21 DKK |
|--|-------|-------------------|
| Other fixtures and fittings, tools and equipment | | 31,920 |
| Property, plant and equipment in progress | | 1,495,099 |
| Property, plant and equipment | 2 | 1,527,019 |
| Investments in group enterprises | | 469,514 |
| Deposits | | 52,197 |
| Financial assets | 3 | 521,711 |
| Fixed assets | | 2,048,730 |
| Trade receivables | | 33,835 |
| Receivables from group enterprises | | 3,870,341 |
| Other receivables | | 3,708,864 |
| Receivables | | 7,613,040 |
| Cash | | 24,302,544 |
| Current assets | | 31,915,584 |
| Assets | | 33,964,314 |

Equity and liabilities

| | Notes | 2020/21 DKK |
|--|--------------|------------------------|
| Contributed capital | | 3,229,994 |
| Revaluation reserve | | 469,514 |
| Retained earnings | | 20,154,634 |
| Equity | | 23,854,142 |
| Trade payables | | 9,054,049 |
| Payables to shareholders and management | | 10,827 |
| Other payables | 4 | 1,045,296 |
| Current liabilities other than provisions | | 10,110,172 |
| Liabilities other than provisions | | 10,110,172 |
| Equity and liabilities | | 33,964,314 |
| Contingent liabilities | 5 | |
| Assets charged and collateral | 6 | |

Statement of changes in equity for 2020/21

| | Contributed capital DKK | Share premium DKK | Revaluation reserve DKK | Retained earnings DKK | Total DKK |
|----------------------------|-------------------------------|-------------------------|-------------------------------|-----------------------------|-------------------|
| Contributed upon formation | 450,000 | 0 | 0 | 0 | 450,000 |
| Increase of capital | 2,779,994 | 42,420,006 | 0 | 0 | 45,200,000 |
| Transfer to reserves | 0 | (42,420,006) | 469,514 | 41,950,492 | 0 |
| Profit/loss for the year | 0 | 0 | 0 | (21,795,858) | (21,795,858) |
| Equity end of year | 3,229,994 | 0 | 469,514 | 20,154,634 | 23,854,142 |

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 2021 is 440.453. The options are exercisable at an average exercise price of DKK 1.

Notes

1 Staff costs

| | 2020/21 DKK |
|---------------------------------------|------------------|
| Wages and salaries | 2,805,528 |
| Other social security costs | 2,935 |
| | 2,808,463 |
| Average number of full-time employees | 3 |

2 Property, plant and equipment

| | Other fixtures and fittings, tools and equipment DKK | Property, plant and equipment in progress DKK |
|------------------------------------|--|---|
| Additions | 31,920 | 1,495,099 |
| Cost end of year | 31,920 | 1,495,099 |
| Carrying amount end of year | 31,920 | 1,495,099 |

3 Financial assets

| | Investments in group enterprises DKK | Deposits DKK |
|------------------------------------|---|-----------------|
| Additions | 6,561 | 52,197 |
| Cost end of year | 6,561 | 52,197 |
| Share of profit/loss for the year | 462,953 | 0 |
| Revaluations end of year | 462,953 | 0 |
| Carrying amount end of year | 469,514 | 52,197 |

4 Other payables

| | 2020/21 DKK |
|---|------------------|
| Wages and salaries, personal income taxes, social security costs, etc payable | 1,045,296 |
| | 1,045,296 |

5 Contingent liabilities

| | 2020/21 |
|-------------------------------|----------------|
| | DKK |
| Other contingent liabilities | 247,197 |
| Contingent liabilities | 247,197 |

The contingent liabilities consists of a 3 month rent obligation to BII Holdings A/S and K/S Teknikerbyen.

The Entity participates in a Danish joint taxation arrangement where Momentum Techinvest A/S until 17. December 2021 and Novo Holdings A/S as of 18. December 2021 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.

6 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.

Consolidated financial statements

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

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.

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.

Balance sheet**Property, plant and equipment**

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

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

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

| | |
|--|-----------|
| Other fixtures and fittings, tools and equipment | 3-5 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.

Cash

Cash comprises cash in bank deposits.

Other financial liabilities

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