Scantox A/S

Hestehavevej 36A, DK-4623 Lille Skensved

CVR no. 83 09 04 13

Annual report 2022

Approved at the Company's annual general meeting on 12 May 2023

Chair of the meeting:

Jens Bager

Jens Bager

Contents

Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of Scantox A/S for the financial year 1 January – 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of its operations and cash flows for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, the results for the year and the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Lille Skensved, 12 May 2023
Executive Board:

DocuSigned by: Jeanet Løgsted 9646BC7B132B49E...	DocuSigned by: Martin Amtoft-Christensen B9AEC7D94C6943A...
Jeanet Løgsted Nielsen CEO	Martin Amtoft-Christensen CFO

Board of Directors:

DocuSigned by: Jens Bager 15D3C865C1CE4DD...	DocuSigned by: Nicholas Hooge 1A33FA7AB7A44E1...	DocuSigned by: Karsten Lindhardt C85DCBEF4A924AF...
Jens Bager Chair	Nicholas Povl Zilstorff Hooge	Karsten Lindhardt
DocuSigned by: F8E793239290447...	DocuSigned by: Kari Kaaber 6EDF8F4801CF46D...	DocuSigned by: Morten Bendix Jensen F2624EBE6140403...
Daniel Spasic	Kari Kaaber	Morten Bendix Jensen

Independent auditor's report

To the shareholder of Scantox A/S

Opinion

We have audited the financial statements of Scantox A/S for the financial year 1 January – 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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 financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 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 our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company 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.

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. Management is also responsible for such internal control that 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company 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 as to 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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.

Independent auditor's report

- 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 Company'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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, 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's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, 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's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review 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's review.

Copenhagen, 12 May 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Ole Becker
State Authorised
Public Accountant
mne33732

Management's review

Company details

Name	Scantox A/S
Address, postal code, city	Hestehavevej 36A Ejby, DK-4623 Lille Skensved
CVR no.	83 09 04 13
Established	14 September 1977
Registered office	Køge
Financial year	1 January – 31 December
Management	Jeanet Løgsted Nielsen, CEO Martin Amtoft-Christensen, CFO
Board of Directors	Jens Bager, Chair Nicholas Povl Zilstorff Hooge Karsten Lindhardt Daniel Spasic Kari Kaaber Morten Bendix Jensen
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, DK-2000 Frederiksberg

Management's review

Financial highlights

DKK'000	2022	2021	2020	2019	2018
Key figures					
Revenue	128,660	48,453	83,380	108,809	117,598
Gross profit/loss	80,122	27,847	57,430	69,188	77,073
Profit/loss before net financials	10,972	-4,592	-26,784	-3,941	10,360
Net financials	-705	-1,051	-1,268	-965	-1,317
Profit/loss for the year	8,155	4,772	-31,075	-3,848	10,973
Balance sheet total	96,755	91,969	71,361	93,257	97,257
Investments in property, plant and equipment	14,318	7,538	2,859	2,934	4,429
Equity	24,927	16,772	-7,280	23,795	27,643
Financial ratios					
Gross margin	62.3%	57.5%	68.9%	65.5%	65.8%
Profit margin	8.5%	-9.5%	-32.1%	8.8%	1.7%
Rate of return	27.4%	-15.0%	-37.5%	10.7%	1.7%
Equity ratio	25.8%	18.2%	-10.2%	28.4%	18.5%
Return on equity	39.1%	100.5%	-376.3%	49.5%	1.9%
Average number of full-time employees	108	62	116	128	124

The financial ratios stated under "Financial highlights" have been calculated as follows:

Gross margin: Gross profit/loss x 100 / Revenue

Profit margin: Profit/loss before net financials x 100 / Revenue

Rate of return: Profit/loss before net financials x 100 / Average of current assets

Equity ratio: Equity, year-end x 100 / Total equity and liabilities, year-end

Return on equity: Profit/loss for the year / Average equity (opening and closing equity)

Management's review

Business Review

Scantox A/S ("Scantox") was founded in 1977 and is a market- leading GLP ("Good Laboratory Practice") accredited Contract Research Organization in Europe, providing pre-clinical research services, including regulatory in-vivo toxicology studies, that are critical to any drug development process. Scantox has a vital role in the Europe pharma and biotech community, where the company has established solid relationships and enjoys a broad and loyal customer base, leveraging its strong track-record and more than 40 years of scientific experience.

Development in the year

In 2022, the Company's revenue amounted to DKK 128.7m (2021: DKK 48.5m). The income statement shows a profit of DKK 8.2m, (2021: DKK 4.8m) for the year, and the balance sheet on 31 December 2022 shows equity of DKK 24.9m (2021: DKK 16.8m).

The revenue is higher than expectations for the year and the profit is slightly lower due to several one-off costs related to restarting and revitalizing the business.

The strong 2022 result confirms that the re-establishment of the business is completed. To ensure that the business can continue to support the growth, we have during 2022 invested in increasing capacity. Investments in property, plant and equipment were DKK 14.3m and the investment level is expected to increase further in 2023.

The Management finds the financial result for 2022 very satisfactory with a strong pipeline and trajectory going in to 2023.

Events after the balance sheet date

Management does not consider that significant events have occurred after the end of the financial year that could materially affect the Company's financial situation in a negative direction.

Capital resources

Management assesses that the Company's capital resources are sufficient.

Outlook

Scantox is expected to maintain the current activity level and expects both revenue and profit at the same level as in 2022.

DKKm	*Expectation 2023*
Revenue	120 – 140
Profit	5 - 15

Management's review

Uncertainty relating to recognition and measurement

Revenue recognition

Scantox's contracts with customers bind the Company to perform specific studies, usually at a fixed price. Revenue is recognized with the production method using estimates of the value produced in the fiscal period. The revenue estimates inherently pose some measurement uncertainty, though they are subject to extensive control and assessment.

Deferred tax asset

The Company recognizes deferred tax assets, including the tax base of tax loss carry-forward if Management assesses that these tax assets can be offset against positive taxable income within a foreseeable future. This assessment is made on an ongoing basis and is based on budgets and business plans for the coming years, including planned commercial initiatives.

Financial risks

Govenance

Operating in a highly regulated environment and supporting major pharmaceutical sponsors, Scantox operates in a complex environment and is continuously exposed to a broad array of risks.

Risk management is an integral part of the daily activities and operations and is managed through a two-tier governance structure with the Executive Management and Board of Directors.

The Executive Management is responsible for the daily management of the company and the Board of Directors is responsible for the overall strategic development and supervision of the management.

Interest rates risks

The Company is exposed to a number of financial risks arising from its operating and financing activities, mainly interest rate risk and. It is management's assessment that the exposure to these risks is low.

Currency risks

The currency risk arises by having contracts in other currencies than DKK. Currency risk is not hedged as the main contract currency besides DKK is EUR.Financial statements 1 January – 31 December

Income statement

Note	DKK'000	2022	2021
	Revenue	128,660	48,453
	Expenses for raw materials and consumables	-25,570	-10,979
	Other external expenses	-22,968	-9,627
	Gross profit/loss	80,122	27,847
2	Staff expenses	-61,145	-24,726
3	Depreciation, amortisation and impairment losses	-8,005	-7,713
	Profit/loss before net financials	10,972	-4,592
4	Financial expenses	-705	-1,051
	Profit/loss before tax	10,267	-5,643
5	Tax for the year	-2,112	10,415
	Profit/loss for the year	8,155	4,772

Financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	2022	2021
	ASSETS		
	Non-current assets		
7	**Intangible assets**		
	Software	596	285
		596	285
8	**Property, plant and equipment**		
	Land and buildings	43,916	40,514
	Fixtures and fittings, tools and equipment	11,334	10,256
		55,250	50,770
	Other non-current assets		
13	Deferred tax assets	8,136	10,415
9	Other receivables	1,693	0
		9,829	10,415
	Total non-current assets	65,675	61,470
	Current assets		
	Inventories		
	Raw materials	1,766	1,404
	Receivables		
	Trade receivables	11,635	23,739
	Receivables from group entities	3,297	0
10	Contract assets	5,907	2,084
11	Prepayments	1,095	770
		21,934	26,593
	Cash	7,380	2,502
	Total current assets	31,080	30,499
	TOTAL ASSETS	96,755	91,969

Financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	2022	2021
	EQUITY AND LIABILITIES		
	Equity		
12	Share capital	12,600	12,600
	Retained earnings	12,327	4,172
	Total equity	24,927	16,772
	Non-Current liabilities		
	Mortgage loans	24,320	26,290
	Lease obligations	2,286	1,528
	Other payables	5,459	7,894
14	**Total non-current liabilities**	32,065	35,712
	Current liabilities		
14	Mortgage loans	1,970	1,961
14	Lease obligations	822	701
	Trade payables	8,702	5,264
10	Contract liabilities	18,835	17,570
17	Payables to group entities	0	1,887
14	Other payables	9,434	12,102
	Total current liabilities	39,763	39,485
	Total liabilities	71,828	75,197
	TOTAL EQUITY AND LIABILITIES	96,755	91,969

1 Accounting policies
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15 Contractual obligations and contingencies, etc.
16 Mortgages and collateral
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18 Events after the balance sheet date

Financial statements 1 January – 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Share premium Account	Retained earnings	Total
	Equity at 1 January 2021	12,600	0	-19,880	-7,280
	Capital increase	0	19,280	0	19,280
	Transfer from share premium account	0	-19,280	19,280	0
	Transferred; see distribution of profit/loss	0	0	4,772	4,772
	Equity at 1 January 2022	12,600	0	4,172	16,772
6	Transferred; see distribution of profit/loss	0	0	8,155	8,155
	Equity at 31 December 2022	12,600	0	12,327	24,927

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Scantox A/S for 2022 has been prepared in accordance with the provisions applying to medium-sized reporting class C entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the ultimate parent company Scantox Holding ApS.

Presentation currency

The financial statements are presented in Danish Kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Non-current assets acquired in foreign currency are measured at the exchange rate at the transaction date.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

On the conclusion of sales contracts that consist of several separate sales transactions, the contract price is split up into the individual sales transactions based on the relative fair value approach. The separate sales transactions are recognised as revenue when the criteria for sale of goods, services or construction contracts are met.

A contract is split up into individual transactions when the fair value of each individual sales transaction can be estimated reliably and when each individual sales transaction represents a stand-alone value for the buyer. Sales transactions are deemed to have a stand-alone value for the buyer when the transaction is individually identifiable and usually sold separately.

Revenue is measured at the fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Revenue from the sale of services

Revenue from the sale of services, which include service contracts and extended warranty commitments relating to products and services sold, is recognized on a straight-line basis as the services are rendered.

Financial statements 1 January – 31 December

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Revenue from fixed price contracts

Revenue from fixed price contracts concerning contracts for clinical trials and are subject to a high degree of individual adaptation. Revenue is recognised by reference to the stage of completion by applying a milestone program, which means that revenue corresponds to the selling price of work performed during the year (the percentage of completion method). When income and expenses of a fixed price contract cannot be estimated reliably, revenue is recognised solely at the costs incurred in so far as they are likely to be recovered.

The stage of completion is determined by reference to a milestone program and contract related costs are accrued accordingly with the proportion of costs incurred relative to the completed stage of the sales contract.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise costs incurred in generating revenue for the year. Such costs include mainly direct and indirect costs of performing the clinical trials.

Also, provisions for losses on fixed price projects is recognised once identified.

Other external expenses

Other external expenses comprise expenses relating to distribution, sale, advertising, administration, premises, bad debts, operating leases, etc.

Staff expenses

Staff expenses comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Company's employees. Refunds received from public authorities are deducted from staff expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. The items comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax for the year

The Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish group entities. Group entities are included in the joint taxation arrangement from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

Scantox Holding ApS acts as the administration company in respect of the joint taxation arrangement and accordingly settles all corporation taxes to the tax authorities on behalf of the company.

On payment of joint taxation contributions, the Danish corporation tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year comprises current income tax, joint taxation contribution and changes in deferred tax for the year due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts recognised directly in equity is recognised directly in equity.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies**

Balance sheet

Intangible assets

Intangible assets consist of software licenses. On initial recognition, intangible assets are measured at cost.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Amortisation is made over the estimated economic life without the determination of a residual value, however not exceeding 3-10 years.

Amortisation is based on the residual value of the asset after the end of the useful life and is reduced by impairment losses, if any. The amortisation and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further amortisation charges are recognised.

In case of changes in the amortisation period or the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

Amortisation is recognised in the income statement as depreciation and amortisation.

Software licences are measured at the lower of cost less accumulated amortisation and recoverable amount.

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. The basis of depreciation is cost less any expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets and any residual value. The expected useful lives are as follows:

Buildings	20-30 years
Fixtures and fittings, tools and equipment	3-5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Gains and losses on the disposal of items of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of future lease payments. In calculating the present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for as the Company's other assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and other leases are disclosed under contingencies, etc.

Impairment of non-current assets

The carrying amount of intangible assets, property and plant and equipment is tested annually for indication of impairment other than the decrease in value reflected by amortisation/depreciation made.

Impairment tests are conducted on individual assets or cash-generating units when there is indication of impairment. Write-down is made to the lower of the recoverable amount and carrying amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Raw materials for consumables are measured at cost, comprising purchase price plus delivery costs and other costs directly related to the purchase.

The net realisable value of inventories is determined as the selling price less any discounts, costs of completion and costs incurred to effect the sale, taking into account marketability, obsolescence and developments in the expected selling price.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Write-down for bad and doubtful debts is made when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Contract assets and contract liabilities

Construction contracts are measured at the selling price of the work performed less payments received on account and anticipated losses. Construction contracts entail a significant degree of design customisation of produced goods. Moreover, before any work is commenced, a binding agreement must have been entered into, which will imply a penalty or damages on subsequent termination of the agreement.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

The selling price is measured by reference to the percentage of completion at the end of the reporting period and the total expected income from the contract. The percentage of completion is determined on the basis of an assessment of the work performed, which is usually measured as the proportion of contract costs incurred for work performed to date relative to the total estimated contract costs.

When it is probable that the total contract costs will exceed the total contract revenue, the anticipated loss on the contract is immediately recognised as an expense and a provision.

When income and expenses on a construction contract cannot be determined reliably, the selling price is measured solely at the costs incurred in so far as they are likely to be recovered.

Where the selling price of work performed exceeds payments received on account and anticipated losses, the excess amount is recognised in contract assets. If payments received on account and anticipated losses exceed the selling price of a construction contract, the deficit is recognised in contract liabilities.

Prepayments received from customers are recognised in contract liabilities.

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

Where payment has been received for later sales of goods but delivery has not yet taken place, deferred revenue is also recognised in contract liabilities.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a remaining term of three months or less that are subject to only minor risks of changes in value.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Proposed dividend

Proposed dividend is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is presented as a separate line item in equity.

Corporation tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on taxable income in previous years and tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to non-deductible goodwill and on office premises and other items where temporary differences – apart from acquisitions – arise at the acquisition date without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Liabilities other than provisions

The Company has chosen IAS 39 as interpretation for recognition and measurement of liabilities.

Financial liabilities are recognised at the date of borrowing at the proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual lease commitment in respect of finance leases.

Other liabilities are measured at net realisable value.

Prepayments

Deferred income comprises payments received concerning income in subsequent years.

	DKK'000	2022	2021
2	**Staff expenses**		
	Wages and salaries	55,823	18,944
	Pensions	4,482	5,185
	Other social security costs	585	565
	Other staff expenses	255	32
		61,145	24,726
	Average number of full-time employees	108	62

Fees to Executive Board and Chair of the Board of Directors amount to DKK 4,987 thousand in 2022 (2021: DKK 1,150 thousand).

	DKK'000	2022	2021
3	**Depreciation and impairment losses**		
	Amortisation of intangible assets	258	470
	Depreciation	7,747	7,115
	Gain and loss on disposal	0	128
		8,005	7,713
4	**Financial expenses**		
	Interest expenses, group entities	-	13
	Foreign exchange losses, net	557	741
	Other interest expenses	148	297
		705	1,051
5	**Tax for the year**		
	Current tax for the year	-	-
	Deferred tax adjustment for the year	2,279	-10,415
	Prior year adjustment	-167	-
		2,112	-10,415

Financial statements 1 January – 31 December

Notes

DKK'000	2022	2021
6 Distribution of profit/loss		
Proposed distribution of profit/loss		
Transferred to equity reserves	8,155	4,772
	8,155	4,772

7 Intangible assets

DKK'000	Software
Cost at 1 January 2022	698
Additions	569
Cost at 31 December 2022	1,267
Amortisation and impairment losses at 1 January 2022	413
Amortisation for the year	258
Amortisation and impairment losses at 31 December 2022	671
Carrying amount at 31 December 2022	596

8 Property, plant and equipment

DKK'000	Land and Buildings	Fixtures and fittings, tools and equipment
Cost at 1 January 2022	126,974	19,817
Additions	7,410	4,816
Disposals for the year	-269	-623
Cost at 31 December 2022	134,115	24,010
Amortisation and impairment losses at 1 January 2022	86,460	9,561
Depreciation and amortisation	4,007	3,740
Reversal of impairment and depreciation of sold assets	-268	-625
Amortisation and impairment losses at 31 December 2022	90,199	12,676
Carrying amount at 31 December 2022	43,916	11,334

DKK'000	2022	2021
9 Other receivables		
Deposits	1,693	0
	1,693	**0**
10 Contract assets and contract liabilities		
Selling price of work performed	157,631	116,468
Payments received on account	-170,559	-131,954
	-12,928	-15,486
Classified as follows:		
Contract assets (net assets)	5,907	2,084
Contract liabilities (net liabilities)	-18,835	-17,570
	-12,928	-15,486

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11 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

12 Share capital

The share capital comprises 12,600,000 shares of a nominal value of DKK 1 each. All shares rank equally.

13 Deferred tax

Deferred tax comprises contract work in progress, inventories, intangible assets and property, plant and equipment.

It is expected that deferred tax of DKK 8,136 thousand (2021: DKK 10,415 thousand) recognised at 31 December 2022 will be realised as current tax in the coming years.

DKK'000	2022	2021
Deferred tax at 1 January	10,415	0
Deferred tax adjustment for the year	-2,279	10,415
Deferred tax at 31 December	**8,136**	**10,415**

Deferred tax relates to:		
Intangible assets	-132	-63
Property, plant and equipment	1,324	-2,684
Fixed assets	-2,387	2,149
Leases	684	490
Tax loss carry-forward	8,647	10,523
Deferred tax at 31 December	**8,136**	**10,415**

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised as the Company estimates that the tax assets can be utilised within a foreseeable future by offsetting against future positive taxable income.

14 Financial liabilities

DKK'000	Total liabilities at 31/12 2022	Repayment first year	Non-current portion	Outstanding debt after 5 years
Mortgage debt	26,290	1,970	7,933	16,387
Lease commitments	3,108	822	2,286	0
Other payables	14,892	9,434	5,459	0
	44,290	12,226	15,678	16,387

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15 **Contractual obligations and contingencies, etc.**

Contingent liabilities

The Company is jointly taxed with its Danish group entity. The Company has unlimited joint and several liability, together with the group entities, for payment of Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation group. The Group as a whole is not liable to any third parties.

16 **Mortgages and collateral**

Land and buildings with a carrying amount of DKK 43,916 thousand at 31 December 2022 have been provided as collateral for debt to mortgage credit institutions of DKK 34,200 thousand (2021: DKK 34,200 thousand).

Negative pledge comprising movables, unsecured claims, inventories, operating equipment, intangible rights and charges on claims as security for the balances with Nykredit with a carrying amount of DKK 15,000 thousand at 31 December 2022 (2021: DKK 15,000 thousand).

17 **Related parties**

Scantox A/S' related parties comprise the following:

Control

Scantox Danmark ApS, which exercises control.
Hestehavevej 36A Ejby
DK-4623 Lille Skensved

Scantox A/S is included in the consolidated financial statement for Scantox Holding ApS, DK-4623 Lille Skensved, DK-4623 Lille Skensved.

Related party transactions

Scantox A/S has carried out the following related party transactions:

DKK'000	2022	2021
Management fee	-4,754	-1,599
Financial expenses to group entities	0	13
Receivables from group entities	3,297	0
Payables to group entities	0	1,887
Capital injection	0	19.800

Remuneration of the Company's Executive Board and the Board of Directors is disclosed in note 2.

No other transactions were carried out with the current shareholders during the year.

18 **Events after the balance sheet date**

There have been no subsequent events which could have an impact on the financial statement at 31 December 2022.