Nordic Bioscience A/S

Herlev Hovedgade 205, DK-2730 Herlev

Annual Report for 2024

CVR No. 30 79 99 68

The Annual Report was presented and adopted at the Annual General Meeting of the company on 3/7 2025

Thomas Nielsen
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Nordic Bioscience A/S for the financial year 1 January - 31 December 2024.

The Annual Report is 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 at 31 December 2024 of the Company and of the results of the Company operations for 2024.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Herlev, 3 July 2025

Executive Board

Morten Asser Karsdal
CEO

Board of Directors

Claus Henrik Christiansen	Bente Juel Christiansen	Thomas Nielsen

Independent Auditor's report

To the shareholders of Nordic Bioscience A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2024 and of the results of the Company´s operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Nordic Bioscience A/S for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies (”the Financial Statements”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management’s Review

Management is responsible for Management’s Review.

Our opinion on the Financial Statements does not cover 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 Management’s Review and, in doing so, consider whether 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 Management’s Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, 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 in Management’s Review.

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 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.

Independent Auditor's report

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 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 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.

Hellerup, 3 July 2025

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Rasmus Friis Jørgensen
State-Authorised Public Accountant
mne28705

Kristian Højgaard Carlsen
State Authorised Public Accountant
mne44112

Company information

The Company	Nordic Bioscience A/S Herlev Hovedgade 205 DK-2730 Herlev Telephone: +45 44 52 52 52 Email: info@nordicbio.com CVR No: 30 79 99 68 Financial period: 1 January - 31 December Incorporated: 13 August 2007 Municipality of reg. office: Herlev
Board of Directors	Claus Henrik Christiansen Bente Juel Christiansen Thomas Nielsen
Executive Board	Morten Asser Karsdal
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2024	2023	2022	2021	2020
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	324,920	221,667	253,408	246,888	252,312
Profit/loss of primary operations	97,108	27,154	85,049	109,579	114,038
Net financials	4,493	9,912	-1,340	-882	-1,553
Profit/loss before tax	101,600	43,008	83,709	108,354	112,156
Net profit/loss for the year	78,388	28,862	70,802	89,869	93,354
Balance sheet					
Balance sheet total	425,370	302,240	272,724	233,284	262,106
Investment in property, plant and equipment	3,330	9,901	4,934	3,962	7,124
Equity	111,251	57,561	72,472	57,009	113,378
Number of employees	176	171	167	150	136
Ratios					
Profit margin	29.9%	12.2%	33.6%	44.4%	45.2%
Net margin	23.7%	13.0%	27.9%	36.4%	37.0%
Return on assets	22.8%	9.0%	31.2%	47.0%	43.5%
Return on equity	92.9%	44.4%	109.4%	105.5%	80.0%

The financial highlights from 2019 to 2020 have not been restated as a result of changes in accounting policies on the recognition of development projects and revenue in 2022. The revenue for 2022 and 2021 has been restated and consequently all impacted key figures and ratios for 2022 and 2021 has been restated accordingly.

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Management's review

Key activities

The object of the Company is to operate within biotechnology and other related businesses.

Development in the year

The income statement of the Company for 2024 shows a profit of TDKK 78,388, and at 31 December 2024 the balance sheet of the Company shows a positive equity of TDKK 111,251.

Knowledge resources

The key to the Company's success is our 25 years of research in the ECM (Extracellular Matrix). Our staff counts more than 167 employees, of whom more than 120 are directly engaged in the research and development activities. We seek to foster a unique and competitive environment with the freedom to explore scientific ideas. We believe in publishing our scientific results and publish more than 50 scientific articles a year in the highestranked specialist journals.

The past year and follow-up on development expectations from last year

The profit/loss for the year was in line with the outlook expressed in the Annual Report for 2023.

Operating risks

Inflation-risk is low as the Company is not bound to material agreements with long duration and fixed prices. Credit-risk is low as the customer-base is broad and the largest customers within top-25 Pharma-Companies. The Company has a good profitability and no interest-bearing debt, except for customary Danish Mortgage debt (long term property financing).

Targets and expectations for the year ahead

We expect a moderate increase in 2025-revenue compared to 2024, driven by increased activities. For 2025 we expect slightly improved operating margins compared to 2024.

Research and development

The Company carries out research and development within the pharmaceutical sector. The activities are focused on biomarkers, with the vast majority being either formation or degradation of different collagens. The biomarkers are typically used to help diagnose or predict the development of various diseases.

External environment

We use a minimal number of products in our activities and limited quantities hereof, which could potentially damage the external environment. We find it very important to comply with or exceed all applicable environmental regulations and have a good and close relationship with the relevant authorities overseeing such activities.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	2024	2023
		TDKK	TDKK
Revenue		324,920	221,667
Production expenses	1	-61,520	-57,042
Gross profit		**263,400**	**164,625**
Development expenditure	1	-115,679	-100,627
Administrative expenses	1	-59,051	-47,660
Operating profit/loss		**88,670**	**16,338**
Other operating income		8,438	10,816
Profit/loss before financial income and expenses		**97,108**	**27,154**
Financial income	2	5,800	11,174
Financial expenses	3	-1,308	-1,261
Profit/loss before tax		**101,600**	**37,067**
Tax on profit/loss for the year	4	-23,212	-8,205
Net profit/loss for the year	5	**78,388**	**28,862**

Balance sheet 31 December

Assets

	Note	2024	2023
		TDKK	TDKK
Completed development projects		4,057	7,972
Intangible assets	6	**4,057**	**7,972**
Land and buildings		64,432	65,638
Other fixtures and fittings, tools and equipment		10,718	13,176
Property, plant and equipment	7	**75,150**	**78,814**
Fixed assets		**79,207**	**86,786**
Inventories	8	**19,943**	**23,613**
Trade receivables		82,913	17,869
Contract work in progress	9	13,436	11,298
Receivables from group enterprises		137,362	88,810
Other receivables		2,554	5,327
Prepayments	10	1,436	2,434
Receivables		**237,701**	**125,738**
Cash at bank and in hand		**88,519**	**66,103**
Current assets		**346,163**	**215,454**
Assets		**425,370**	**302,240**

Balance sheet 31 December

Liabilities and equity

	Note	2024	2023
		TDKK	TDKK
Share capital		10,000	10,000
Retained earnings		21,251	7,561
Proposed dividend for the year		80,000	40,000
Equity		**111,251**	**57,561**
Provision for deferred tax	11	1,224	3,259
Provisions		**1,224**	**3,259**
Mortgage loans		37,042	39,830
Lease obligations		2,398	3,069
Long-term debt	12	**39,440**	**42,899**
Mortgage loans	12	2,806	2,823
Lease obligations	12	671	512
Trade payables		17,063	7,476
Contract work in progress	9	198,866	163,453
Payables to group enterprises relating to corporation tax		23,879	7,578
Deposits		164	164
Other payables		21,497	13,267
Deferred income	13	8,509	3,248
Short-term debt		**273,455**	**198,521**
Debt		**312,895**	**241,420**
Liabilities and equity		**425,370**	**302,240**
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Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	10,000	11,596	40,000	61,596
Net effect of correction of material misstatements	0	-4,841	0	-4,841
Adjusted equity at 1 January	10,000	6,755	40,000	56,755
Ordinary dividend paid	0	0	-40,000	-40,000
Other equity movements	0	16,108	0	16,108
Net profit/loss for the year	0	-1,612	80,000	78,388
Equity at 31 December	**10,000**	**21,251**	**80,000**	**111,251**

Other equity movements is the value of the Groups Warrent program.

Notes to the Financial Statements

	2024	2023
	TDKK	TDKK
1. Staff		
Wages and salaries	133,114	108,575
Pensions	7,775	7,212
Other social security expenses	583	602
Other staff expenses	4,238	3,833
	145,710	**120,222**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Average number of employees	**176**	**171**

	2024	2023
	TDKK	TDKK
2. Financial income		
Interest from group enterprises	2,867	6,528
Other financial income	2,910	4,458
Exchange adjustments	23	188
	5,800	**11,174**

	2024	2023
	TDKK	TDKK
3. Financial expenses		
Other financial expenses	1,308	1,261
	1,308	**1,261**

	2024	2023
	TDKK	TDKK
4. Income tax expense		
Current tax for the year	25,247	7,582
Deferred tax for the year	-2,035	310
Adjustment of tax concerning previous years	0	313
	23,212	**8,205**

Notes to the Financial Statements

5. Profit allocation

	2024	2023
	TDKK	TDKK
Proposed dividend for the year	80,000	40,000
Retained earnings	-1,612	-11,138
	78,388	**28,862**

6. Intangible fixed assets

	Completed development projects
	TDKK
Cost at 1 January	17,145
Additions for the year	1,264
Cost at 31 December	18,409
Impairment losses and amortisation at 1 January	9,173
Amortisation for the year	5,179
Impairment losses and amortisation at 31 December	14,352
Carrying amount at 31 December	**4,057**
Amortised over	3 years

Completed development projects include the development of technology which automate various processes within the production of biomarkers. The development projects comprise both external consultancy fees and internal labor costs.

Notes to the Financial Statements

7. Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment
	TDKK	TDKK
Cost at 1 January	79,113	42,260
Additions for the year	466	2,864
Disposals for the year	0	-732
Cost at 31 December	79,579	44,392
Impairment losses and depreciation at 1 January	13,427	29,133
Depreciation for the year	1,720	5,273
Reversal of impairment and depreciation of sold assets	0	-732
Impairment losses and depreciation at 31 December	15,147	33,674
Carrying amount at 31 December	**64,432**	**10,718**
Amortised over	50 years	3-7 years
Including assets under finance leases amounting to	0	2,527

8. Inventories

	2024	2023
	TDKK	TDKK
Finished goods and goods for resale	19,943	23,613
	19,943	**23,613**

Finished goods consist of laboratory equipment that is consumed in connection with work to be performed for customers, such as test tubes, flasks, and similar items. As such, finished goods are not expected to be sold

9. Contract work in progress

	2024	2023
	TDKK	TDKK
Contract work in progress is recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	13,436	11,298
Prepayments received recognised in debt	-198,866	-163,453
	-185,430	**-152,155**

Notes to the Financial Statements

10. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

11. Provision for deferred tax

	2024 TDKK	2023 TDKK
Deferred tax liabilities at 1 January	3,259	2,949
Amounts recognised in the income statement for the year	-2,035	310
Deferred tax liabilities at 31 December	**1,224**	**3,259**

Deferred tax relates to intangible assets, property, plant and equipment, inventories, trade receivables and Lease obligations.

12. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2024 TDKK	2023 TDKK
Mortgage loans		
After 5 years	25,192	28,536
Between 1 and 5 years	11,850	11,294
Long-term part	37,042	39,830
Within 1 year	2,806	2,823
	39,848	**42,653**
Lease obligations		
After 5 years	0	0
Between 1 and 5 years	2,398	3,069
Long-term part	2,398	3,069
Within 1 year	671	512
	3,069	**3,581**

Notes to the Financial Statements

13. Deferred income

Deferred income comprise amounts grants received from EU-projects. Deferred income related to EU-projects are recognised as other operating income when the Company performs under the EU-projects.

	2024	2023
	TDKK	TDKK

14. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

	2024	2023
Land and buildings with a carrying amount of	64,432	65,638

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Romarine ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

15. Related parties and disclosure of consolidated financial statements

Controlling interest	Basis
- Nordic Bioscience Holding A/S, Herlev Hovedgade 205, Herlev, Denmark	owns all of the shares in Nordic Bioscience A/S and has the controlling interest.
- Romarine ApS, Herlev Hovedgade 205, Herlev, Denmark	owns 74% of the shares in Nordic Bioscience Holding A/S and has the controlling interest.

Transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were carried out in the financial year.

Consolidated Financial Statements

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Name	Place of registered office
Nordic Bioscience Holding A/S	Herlev

16. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

17. Accounting policies

The Annual Report of Nordic Bioscience A/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

Nordic Bioscience A/S has chosen to implement the Danish Financial Statements Act's option to apply the recognition and measurement principles in IFRS 2: Share-based Payment, IFRS 15: Revenue from contracts with customers, and IFRS 16: Leases, within the framework of the Act.

The Financial Statements for 2024 are presented in TDKK.

Changes in accounting policies

Material reclassification has been prepared between revenue, other operating income, contract work in progress (assets/liabilities) and prepayments in the comparative figures due to change in accounting policy.

Correction of material misstatements

Correction has been made of misstatements concerning previous years due to incorrect measurement of the percentage of completion for revenue over time. Management has noted that recognition and measurement of revenue from contracts with customers have been incorrect in the previous financial year 2021, 2022 and 2023. The misstatements have an effect on the Income Statement, Balance Sheet and Equity in the comparative figures, why they have been restated accordingly. In respect of the financial year 2023, the Company’s revenue have been affected negatively by MDKK 5, Tax of the year has been reduced with MDKK 1. Contract work in progress has been reduced with MDKK 5. Current tax liabilities have been reduced with MDKK 1. Furthermore, the equity at 1 January 2024 has been reduced with MDKK 5 due to the misstatements in 2020, 2021, 2022 and 2023.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Nordic Bioscience Holding A/S, the Company has not prepared a cash flow statement.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Notes to the Financial Statements

Leases

The Company assesses at contract inception whether a contract is, or contain, a lease. This is, if the contract conveys the right to control the use of an identified assets for a period of time in exchange for consideration. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying asset.

Right-of-use assets
The Company recognises right-of-use assets at the commencement date for the leases. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less lease incentives received. Right-of-use assets are depreciated over the shorter of the asset's useful life and lease term on a straight-line basis.

Lease liabilities
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value for lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on a index or a rate, and amounts expected to be paid under residual value guaranties. The lease payment also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs. Non-lease components are not included in the calculation of lease liabilities. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the implied interest of the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. Additionally, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments, or a change in the assessment of an option to purchase the underlying asset.

Short term leases and leases of low-value assets
The Company applies the short-term recognition exemption to its short-term leases insofar the leases have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Furthermore, the Company applies the lease of low-value assets recognition exemption to leases that are considered to be of low value. Lease payments on short-term and low value assets are recognised as expenses on a straight-line basis over the lease term.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Incentive schemes

Share-based compensation benefits are provided to employees of Nordic Bioscience and include a warrants-program and restricted stock units program (RSUs).

The fair value of the warrants and RSUs granted under equity settled programs are recognised as an expense with a corresponding increase in equity.

The total amount to be expensed is determined by reference to the grant date fair value of the warrants and RSUs respectively.

Since there is no exercise price for the RSUs, the value if each RSU equals the share on the date employees are granted with the RSUs. The share price used for the grant of the RSUs is estimated at the amount that reflects the latest acquisition price between independent shareholders.

At grant date, the value of the warrants have been valued using the Black-Scholes option pricing model, which is a commonly used model for warrant pricing. The assumptions applied in the Black-Scholes valuation of the warrants.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Company revises its estimates of the number of warrants and RSUs that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. Warrants subject to accelerated vesting clauses are reassessed at the reporting date to determine the length of the service period. Any change in the service period is accounted for as a change in estimate and any catch-up effect is expensed. The cost allocated to the remaining service period are expensed immediately for cancelled warrants.

Income statement

Revenue

The entity is in the business of preclinical and clinical drug development and is specialized in precision medicine using unique biomarker technologies.

Revenue is recognised when customers obtain control of promised goods or services, at an amount that reflects the consideration that the entity expects to receive in exchange for those goods or services. Unless otherwise stated below the significant payment terms are generally that revenue is paid upfront.

For the purpose of recognising revenue, the Company distinguishes between its typical customer contracts consisting of 1. R&D Services, 2. Clinical diagnostics. 1. and 2. comprising the segment R&D services and Diagnostics.

R&D Services
R&D services consist of both R&D collaborations and sample measurements agreements.

In R&D collaborations, the entity is collaborating with the customers in research projects, which aim to provide services to the customer to facilitate drug discovery and data analysis across both pre-clinical and clinical phases.

The contracts contain various work packages (e.g. translation research and sample measurement, rodent assay development, and ex vivo and in vitro validation), each comprising a separate performance obligation.

The transaction price includes a single fixed non-refundable upfront fee plus any milestone payments to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the specific milestone payment is subsequently resolved.

Notes to the Financial Statements

Management has assessed that the price stated in the contract for each work package is equal to the stand-alone selling price of each work package. The milestone payments are allocated to each work package to which the milestone relates.

Revenue is recognized over time as the entity's performance does not create an asset with an alternative use to the Company, and the entity has an enforceable right to payment for performance completed to date.

In sample-measurement agreements, the entity provides various services with respect to clinical trials including quality control, data management and analysis, and measurement of clinical samples. Specifically, this includes the provision of various biomarkers, a statistical package, bioanalytical reports and project management.

Although the customers may be able to benefit from the various deliverables on their own, the contracts comprise a single performance obligation (i.e., a sample measurement project) as the nature of the promise is to deliver a combined output to which the promised deliverables are inputs.

The entity provides a significant service of integrating the deliverables into a bundle and the nature of the promise (from the customer's perspective) is to receive the final results of the sample-measurement. It is not to receive each deliverable on a stand-alone basis.

The transaction price is fixed and does not include any forms of variable consideration.

Revenue is recognized based on samples measured to date relative to the total samples to be measured (output), which is the method that most faithfully depicts the Company's performance in transferring control of the performance obligation. This is because the Company's effort in measuring samples is the main value of the project.

Revenue related to all performance obligations is recognized over time as the customer receives and consumes the benefits as the entity performs, by reference to the method that most faithfully depicts the entity's performance in transferring control of the performance obligation. This is either by reference to the number of data points transferred relative to the number of data points expected to be transferred (output) or by reference to labour hours spent compared to the total estimate of hours to be spent to complete the work (input)

Clinical diagnostics
In Clinical diagnostics the entity receives royalties and milestones for partnerships where diagnostic companies receive access to the entity's proprietary biomarkers.

Revenue related to the license agreements is recognized as the entity receive a right to the payments. Milestones is recognized at a point in time upon the triggering event of such milestone.

Revenue related royalties are recognized the period of the royalty is calculated.

Production expenses

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for wages and salaries, rent and lease, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process.

Development expenditure

Research and development costs comprise research costs, costs of development projects not qualifying for recognition in the balance sheet such as staff costs and amortisation and impairment losses relating to development projects

Notes to the Financial Statements

Administrative expenses

Administrative costs comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

Government Grants
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relates to EU-projects. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. It is recognised as other operating income. Upfront payment of grants are included in the "Deferred Income" line items as deferred income and they are recognised when the costs related to the EU projects are recognised.

Financial income and expenses

Financial income and expenses comprise interest income and expenses on financial assets and liabilities at amortised cost calculated using the effective interest method and exchange rate adjustments.

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.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3 year.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated 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:

Buildings	50 years
Other fixtures and fittings, tools and equipment	3-7 years

Estimated useful lives and residual values are reassessed annually and property plant & equipment is tested for impairment if indication are present.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

The cost comprises direct materials, being typical lab tools and equipment used in the ordinary operations. Costs of purchased inventory are determined after deducting rebates and discounts.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date. Contract assets are written down for expected credit losses with the simplified approach.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a contract in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet in receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

Deferred tax assets and liabilities

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 are recognised only if it is probable that future taxable amounts will be avail-able to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforce-able right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet to the extent that it is probable that taxable profit will be avilable against which loses can be utilised.

Notes to the Financial Statements

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

Loans, such as mortgage loans, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Prepayments comprise amounts grants received from EU-projects. Prepayments related to EU-projects are recognised as other operating income when the entity performs under the EU-projects.

Financial Highlights

Explanation of financial ratios

Profit margin	Profit/loss of primary operations x 100 / Revenue
Net margin	profit/loss for the year x 100 / Revenue
Return on assets	Profit/loss of primary operations x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity