



METHYL DETECT APS
NIELS JERNES VEJ 10, 9220 AALBORG ØST

ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2020

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 28 June 2021**

Steen Palle Petersen

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COMPANY DETAILS

Company	Methyl Detect ApS Niels Jernes Vej 10 9220 Aalborg Øst CVR No.: 38 32 27 61 Established: 30 December 2016 Registered Office: Aalborg Financial Year: 1 January - 31 December
Board of Directors	Steen Palle Petersen, formand Lars-Ole Gerlach Lise Lotte Hansen Søren Bøgesgaard Niebuhr
Board of Executives	Thomasz Kazimierz Wojdacz
Auditor	Deloitte Statsautoriseret Revisionspartnerselskab Østre Havnepromenade 26, 4. 9000 Aalborg
Bank	Jutlander Bank

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Methyl Detect ApS for the financial year 1 January - 31 December 2020.

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 Company's financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

We recommend the Annual Report be approved at the Annual General Meeting.

Aalborg, 28 June 2021

Board of Executives

Thomasz Kazimierz Wojdacz

Board of Directors

Steen Palle Petersen
Formand

Lars-Ole Gerlach

Lise Lotte Hansen

Søren Bøgesgaard Niebuhr

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Methyl Detect ApS

AUDITORS OPINION ON THE FINANCIAL STATEMENTS

Opinion

We have audited the Financial Statements of Methyl Detect ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity, notes and 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 assets, liabilities and financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of matter

Without prejudice to our conclusion, we shall refer to the disclosure in Note 5, Information on uncertainty with respect to recognition and measurement, where the uncertainty associated with the measurement of the company's development activities is mentioned.

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.

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 judgment and maintain professional skepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT

- 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.

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, we conclude that 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 Management's Review.

INDEPENDENT AUDITOR'S REPORT

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Statement on compliance audit and performance audit

Management is responsible for ensuring that the transactions covered by the financial statements are in accordance with the appropriations, laws and other regulations, agreements and usual practice and that financial consideration was made when managing the funds and the operation of the activities covered by the financial statements. Management is also responsible for setting up systems and processes supporting economy, productivity and efficiency.

As part of our audit of the financial statements, it is our responsibility to perform compliance audit as well as performance audit of selected subject matters in accordance with the public auditing standards. In our compliance audit, we test the selected subject matters to obtain reasonable assurance about whether the examined transactions covered by the financial statements comply with the appropriations, laws and other regulations, agreements and usual practice. In our performance audit, we make an assessment to obtain reasonable assurance about whether the systems, processes or transactions examined support the exercise of sound financial management in the administration of the funds and activities covered by the financial statements.

We must report on any grounds for significant critical comments should we find such in performing our procedures.

We have no significant critical comments to report in this connection.

Aalborg, 28 June 2021

Deloitte Statsautoriseret Revisionspartnerselskab
CVR no. 33963556

Peter Nørrevang
State Authorised Public Accountant
MNE no. mne11706

MANAGEMENT'S REVIEW

Principal activities

The principal activities comprise to develop and commercialize methods and products for epigenetic research and diagnostics, as well as all companies that, according to the Board's discretion, are related.

Development in activities and financial position

Methyl Detect ApS is a development company, and the result for the year is therefore as expected. The company has lost the entire company capital. Management expects that the company's future operations will be Profitable, why company capital is expected to be re-established on future earnings.

The financing of operations in 2021 is secured through loan commitments paid in accordance with agreed milestones.

It is thus management's expectation that the necessary prerequisites for continued operation have been met.

The annual report is therefore prepared subject to continued operations.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2020 DKK	2019 DKK
GROSS PROFIT		256,366	644,652
Staff costs.....	1	-516,974	-758,603
Depreciation, amortisation and impairment.....		-508,006	-263,672
OPERATING LOSS		-768,614	-377,623
Other financial income.....		-1,101	258
Other financial expenses.....		-1,340	-345
LOSS BEFORE TAX		-771,055	-377,710
Tax on profit/loss for the year.....	2	225,473	87,128
LOSS FOR THE YEAR		-545,582	-290,582
PROPOSED DISTRIBUTION OF DIVIDEND			
Retained earnings.....		-545,582	-290,582
TOTAL		-545,582	-290,582

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2020 DKK	2019 DKK
Development projects completed.....		2,483,270	2,148,932
Intangible fixed assets	3	2,483,270	2,148,932
FIXED ASSETS		2,483,270	2,148,932
Trade receivables.....		11,706	119,940
Other receivables.....		44,431	84,298
Corporation tax receivable.....		118,173	197,828
Receivables		174,310	402,066
Cash and cash equivalents		272,191	402,654
CURRENT ASSETS		446,501	804,720
ASSETS		2,929,771	2,953,652
EQUITY AND LIABILITIES			
Share capital.....		54,500	51,500
Reserve for development costs.....		1,936,951	1,676,167
Retained profit.....		-3,298,655	-2,519,289
EQUITY		-1,307,204	-791,622
Provision for deferred tax.....		127,000	234,300
PROVISION FOR LIABILITIES		127,000	234,300
Convertible and interest-bearing debt instruments.....		3,548,775	2,702,249
Other liabilities.....		28,421	9,311
Long-term liabilities	4	3,577,196	2,711,560
Trade payables.....		32,941	270,601
Other liabilities.....		144,692	84,881
Accruals and deferred income.....		355,146	443,932
Current liabilities		532,779	799,414
LIABILITIES		4,109,975	3,510,974
EQUITY AND LIABILITIES		2,929,771	2,953,652
Information on uncertainty with respect to recognition and measurement	5		

EQUITY

	Share capital	Share premium account	Reserve for development costs	Retained profit	Total
Equity at 1 January 2020.....	51,500	0	1,676,167	-2,519,289	-791,622
Capital increase.....	3,000	27,000			30,000
Transfers to/from other items.....		-27,000		27,000	
Proposed distribution of profit.....				-545,582	-545,582
Transferred to reserve for development costs.....			260,784	-260,784	
Equity at 31 December 2020.....	54,500	0	1,936,951	-3,298,655	-1,307,204

NOTES

	2020 DKK	2019 DKK	Note
Staff costs			1
Average number of employees 1 (2019: 2)			
Wages and salaries.....	514,868	745,008	
Social security costs.....	1,514	3,534	
Other staff costs.....	592	10,061	
	516,974	758,603	
Tax on profit/loss for the year			2
Calculated tax on taxable income of the year.....	-118,173	-197,828	
Adjustment of deferred tax.....	-107,300	110,700	
	-225,473	-87,128	
Intangible fixed assets			3
		Development projects completed	
Cost at 1 January 2020.....		2,552,730	
Additions.....		842,344	
Cost at 31 December 2020.....		3,395,074	
Amortisation at 1 January 2020.....		403,798	
Amortisation for the year.....		508,006	
Amortisation at 31 December 2020.....		911,804	
Carrying amount at 31 December 2020.....		2,483,270	
Interest expenses recognised as part of cost of assets.....		246,526	

Methyl Detect has developed ready-to-use kits for detection of gene methylation.

The first version of the kits have launched in 2018, and the receipt of the products are in line with the expectations.

Management has high expectations for the product and has no indication of impairment in relative to the carrying amount.

NOTES

					Note	
	31/12 2020 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2019 total liabilities	Current portion at the beginning of the year	
Long-term liabilities						4
Convertible and interest- bearing debt instruments.....	3,548,775	0	0	2,702,249	0	
Other liabilities.....	28,421	0	0	9,311	0	
	3,577,196	0	0	2,711,560	0	

Information on uncertainty with respect to recognition and measurement

5

Due to its special activity as a development company, it is a natural one uncertainty related to the measurement of the company's development activities.

A total of development costs totaling t.DKK 2,483 have been capitalized and a deficit has been realized after tax of t.DKK 474. Equity amounted to t.DKK -1,235 at 31. December 2020.

ACCOUNTING POLICIES

The Annual Report of Methyl Detect ApS for 2020 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

INCOME STATEMENT

Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operating lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Intangible fixed assets

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company's development activities and which fulfil the criteria for recognition.

Capitalised development costs are measured at the lower of cost less accumulated amortisation or recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 5 years.

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

ACCOUNTING POLICIES

Impairment of fixed assets

The carrying amount of intangible fixed assets are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the carrying amount.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Amortised cost for short-term liabilities usually corresponds to the nominal value.

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.