scantox

Annual Report 2023

Improving the health of people

Scantox Holding Aps, Hestehavevej 36A, DK-4623 Lille Skensved, Ejby, CVR no.: 42 01 51 72

Who we are

Based on decades of experience, Scantox is a leading contract research organization (CRO) accelerating the drug development process for clients worldwide. With a strong and comprehensive service portfolio covering all main areas within Discovery, Regulatory Toxicology and Analytical Services we are a trusted partner to our clients.

Our goal is to accelerate delivery of high-quality scientific data and reports to our clients. Every day.

Follow us

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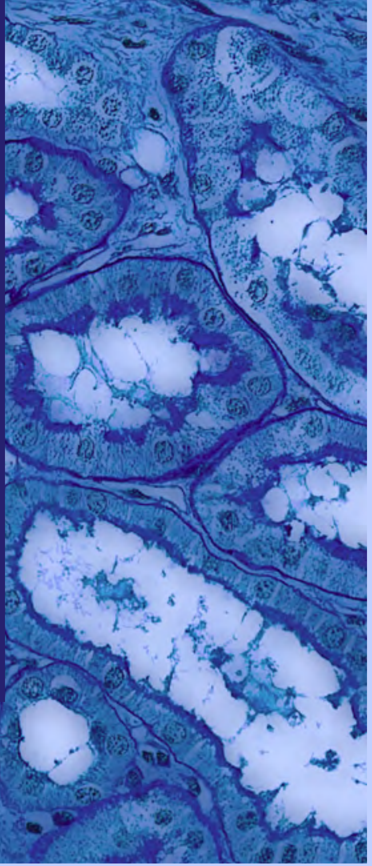
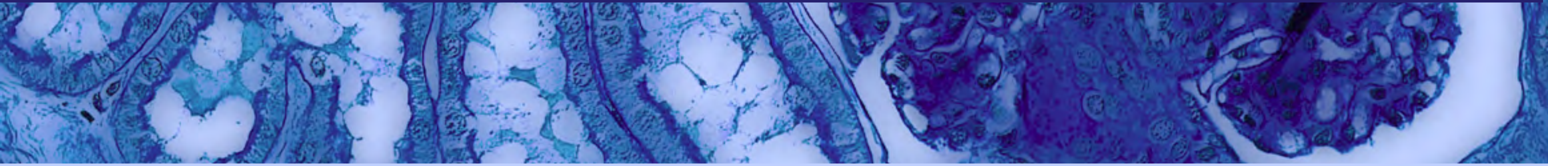




Introduction

At a glance

Scantox, a contract research organization (CRO), has developed a significant footprint in toxicology and preclinical lead optimization over the past few decades. By leveraging our scientific expertise and flexible service model, Scantox has remained at the forefront of innovation, providing tailored solutions to meet the evolving needs of its diverse client base.

Our services support a broad spectrum of preclinical drug development elements. From lead optimization within in vitro and in vivo efficacy models, formulation development, regulatory toxicology studies incl. supportive functions as clinical pathology, bioanalysis, histology all the way to manufacturing and distribution of products for clinical trial phase 1 and 2.

This enables clients to progress their development projects under one roof in a trustworthy collaborative matter based on the highest technical and scientific standards.

Founded in

1977

Scantox is leveraging more than 40 years of scientific experience and is today owned by Impilo, the leading Nordic healthcare investment company

247

employees operating at 5 sites across Denmark & Sweden (end of 2023)

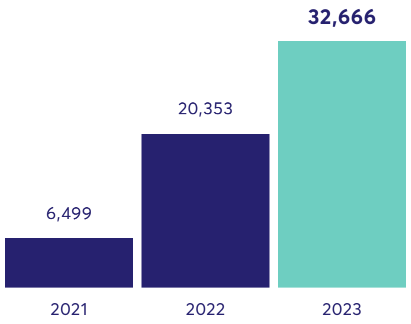
Performance Highlights

Revenue adjusted for full year effect of acquisitions of

32.7m

Growing 60% of which 39% is organic.

EURm

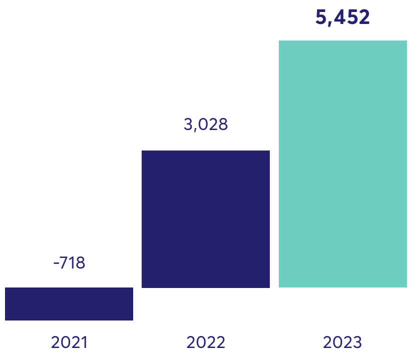


EBITDA adjusted for full year effect of acquisitions of

5.5m

Growing 80% of which 79% is organic.

EURm

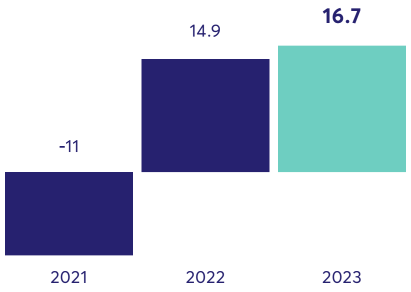


EBITDA margin adjusted for full year effect of acquisions of

16.7%

Profitable growth with continued margin improvement

%



The 2022 numbers are adjusted for the full year effect of the acquisitions of Timeline Bioresearch AB (Timeline) and Adlego Biomedical AB (Adlego).

The 2023 numbers are adjusted for the full year effect of the acquisitions of Q&Q Labs AB (Q&Q) and Solural Pharma Aps (Solural).

Letter from the Chair and CEO

Continued growth and expansion

In 2023, we continued our growth and international expansion with new additions to the Scantox Group. With acquisitions in Denmark and Sweden, and in 2024 also in Austria, we continue to deliver our strategy to become a leading international preclinical CRO.

We invested heavily in supporting the continued organic growth – most visible with the acquisition of a new facility in Denmark located close to the existing facility in Ejby. The new facility is undergoing significant refurbishment and will emerge in 2024 as a state of the art facility that will provide customers with an unsurpassed focus on animal welfare and expand our capacity within *in-vivo* regulatory toxicology studies.

We are enthusiastic and humble about the continued support and commitment shown by our loyal and growing customer base and are thrilled to be able to provide them with increased capabilities and service offerings.

In September 2023, we expanded our Swedish presence with the acquisition of Q&Q Labs AB that brings a highly complementary service offering to Scantox's stronghold in pharmacology and regulatory toxicology. Through the acquisition, Scantox boosted its analytical capabilities, scientific expertise and capacity with the aim of providing an even more comprehensive portfolio of drug development services to meet the evolving needs of our growing customer base.

"While continuously expanding our capacity at all sites, we have added new services within analytical and formulation to our portfolio in 2023, to build the most suitable platform for our customers."

In November 2023, we acquired Solural Pharma Aps in Denmark and enabled Scantox to meet customer request to develop suitable formulation for the discovery phase through regulatory toxicology to phase 1 and 2 clinical trials, leading to even shorter development timelines for our customers. This cemented our position as a preferred service provider and partner to our expanding portfolio of customers within biotech and pharma companies.

Further in November 2023, for the first time we expanded beyond the Nordics with the agreement to acquire the shares of the neuropharmacology division of QPS Austria GmbH in Austria (QPS) , a leading drug discovery CRO specialized in neurodegenerative and rare diseases as well as mental disorders.

The company is well recognized for its high-quality services that are deeply scientifically rooted and has an undisputed track-record of serving a loyal and broad customer base globally. This transformational acquisition will expand Scantox's value chain coverage and reposition its existing drug discovery platform significantly with unique and market leading central nervous system (CNS) research capabilities.

QPS has a long history of developing expertise within lead-optimization services and efficacy studies. The company has a 2,700 m^2 state-of-the-art facility in Grambach, Austria, and employs more than 80 employees. With on-site availability of validated transgenic and non-transgenic models, QPS addresses multiple targets within the growing CNS area and represents a unique partner for biotech and pharma companies in their drug development process. The acquisition of QPS will meaningfully change our lead optimization platform and expand the depth and breadth of our discovery services in the CNS and rare disease area.

Moreover, all three acquisitions represent important first steps towards broadening the Group's portfolio of services, to support a growing customer base more broadly in the drug discovery and development process.

We would like to thank our dedicated employees for a strong and eventfull 2023 and with the many investments in future service offerings and expanding capacity, we confidently look forward to continuing the growth and supporting our customers in 2024 and in years to come.

Jeanet Løgsted
CEO

Jens Bager
Chair of the Board

Jens Bager
Chair of the Board

Jeanet Løgsted
CEO

Letter from the CFO

Financial Highlights

The 2023 result shows continued high profitable growth.

2023 revenue reached EUR 29.3m – corresponding to a growth of 61%. Adjusting for the full year effect of acquisitions revenue reached EUR 32.7m – with an organic revenue growth of 39%.

EBITDA before special items increased more than 100% to EUR 5.2m providing an EBITDA margin of 17.7%. Adjusting for the full year effect of acquisitions EBITDA reached EUR 5.5m providing an EBITDA margin of 16.7% which is lower than the reported margin as the acquisitions made in 2023 provided a lower margin at the outset.

In the 2022 annual report we expected a revenue for 2023 of EUR 24.4m - 27.5m. The revenue is higher than expectations for the year due to higher organic growth and the impact of the acquisitions made during the year. We expected an EBITDA margin of 15% - 20%, so the EBITDA margin is in line with expectations.

We are pleased to deliver a satisfactory operational result in a year with strong organic revenue growth and at the same time successfully incorporating two new businesses and look forward to integrating QPS Neuropharmacology in 2024.

Martin Amtoft-Christensen
Chief Financial Officer, CFO

"We are pleased to deliver a satisfactory operational result in a year with strong organic revenue growth while successfully incorporating two new businesses and look forward to integrating QPS Neuropharmacology in 2024"

Total Cash Flow is negative EUR 1.6m and reflects that the acquisitions of Q&Q, Solural and the new facility have been made mainly with available liquidity.

The Operating Cash Flow is negative EUR 0.4m mainly due to negative working capital impact from a reduction in contract liabilities.

The Cash Flow from investing activities is negative with EUR 8.3m and is – besides the acquisitions made - a result of our significant investments to further develop our capacity and service offering to support the growth in the years to come, mainly from the acquisition and refurbishment of the new facility in Denmark located close to the existing facility in Ejby.

The Cash Flow from financing activities is EUR 7.1m mainly from real estate financing of the new facility and the utilization of our credit facility.

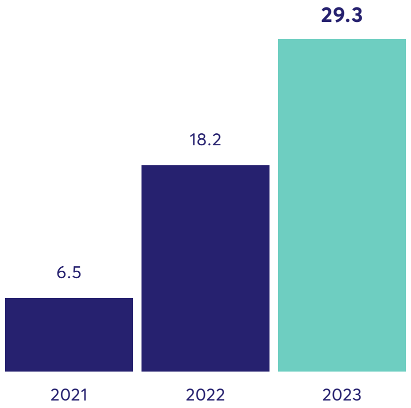
The overall development is reflected in the Balance sheet with total balance sheet increasing to EUR 28.6m - mainly due to the acquisitions and investments in the new facility.

Total Equity increased to EUR 5.7m.

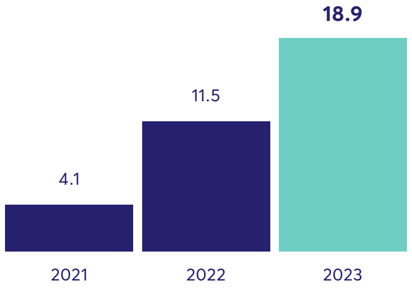
The high investment level increases the Net Debt with EUR 10.2m totaling EUR 13.3m corresponding to a Net Debt / Adjusted EBITDA before special items ratio of 2.4x.

EUR'000	2023	2022
Reported EBITDA before special items	5,190	2,470
Special items	(1,419)	(1,452)
Reported EBITDA	3,771	1,018
Delta Working Capital	(3,123)	2,592
Financial items & tax	(1,091)	(119)
Operating Cash Flow	**(443)**	**3,491**
Investing activities	(8,291)	(2,762)
Financing Cash Flow	7,132	(606)
Total Cash Flow	**(1,602)**	**123**

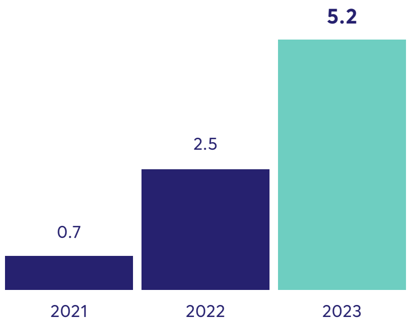
Revenue, EURm



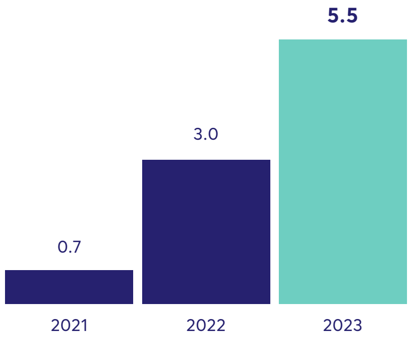
Gross Profit, EURm



EBITDA before special items, EURm



EBITDA adjusted for full year effect of acquitions, EURm



The Group's capital structure will change in 2024 as a consequence of the acquisition of QPS Neuropharmacology. The acquisition will be financed by a combination of both new equity and bank debt that will be sustainability linked. The financing structure is in place and secured with both the shareholders and the financing partners.

Uncertainty relating to recognition and measurement

Revenue recognition

Scantox's customer contracts are designed to allow the Group 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.

Purchase Price Allocations

Significant assets acquired through business combinations generally comprise goodwill and customer relationships. Management makes estimates of the fair value of acquired assets, liabilities, and contingent liabilities. Depending on the nature of the item, the determined fair value of an item may be associated with uncertainty and possibly adjusted subsequently.

Events after the balance sheet date

On March 27th, 2024, the Group acquired the shares of the neuropharmacology division of QPS Austria GmbH in Austria, to further strengthen competences and accelerate growth in the Scantox Group. The initial accounting for the business combination is not yet completed, and the assessment of fair values as of the acquisition date is still ongoing. The acquired net assets are expected to relate primarily to goodwill and customer relationships.

No further events have occurred after the balance sheet date to this date which could materially affect the Group's financial situation in a negative direction.

Expectations 2024

2023 has ended with a strong customer backlog providing comfort that growth will continue in 2024 and further with the acquisition of QPS Neuropharmacology we expect significant increases in both revenue and EBITDA in 2024. QPS Neuropharmacology is expected to deliver a full year 2024 revenue of EUR 16 - 18 million which together with the expected organic revenue growth of 5%-10% is expected to give a full year 2024 revenue adjusted for the full year effect of the acquision of EUR 50 - 54 million.

As the acquision of QPS will be incorporated from April 2024, the reported revenue is expected to be in the range of EUR 46 - 50 million with a reported EBITDA margin of 22% - 25%.

Martin Amtoft-Christensen
Chief Financial Officer, CFO

Financial highlights for the Group

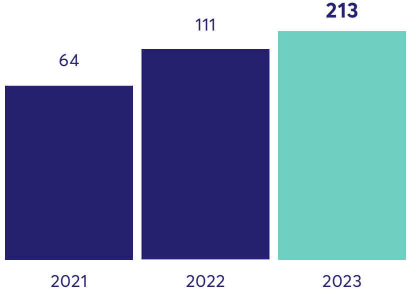
EUR '000	2023	2022	2021
Key figures			
Revenue	29,251	18,222	6,499
Gross Profit	18,873	11,472	4,133
EBITDA before special Items	5,190	2.470	(718)
EBIT	1,321	(428)	(1,755)
Net Financials	(315)	(23)	(157)
Profit before Tax	1,006	(451)	(1,911)
Net profit	1,218	(468)	(512)
Balance Sheet			
Balance Sheet Total	29,358	19,909	15,025
Equity	5,825	4,072	4,514
Cash Flows			
Cash Flows from operating activities	(443)	3,491	(2,398)
Cash Flows from investing activities	(8,291)	(2,762)	(2,824)
Cash Flows from financing activities	7,132	(606)	6,560
Total Cash Flows	**(1,602)**	**123**	**1,339**
Financial Ratios			
Gross Margin	64.5%	63.0%	63.6%
EBIT Margin	4.5%	(2.3)%	(27.0)%
Solvency ratio	19.8%	20.5%	30.0%
Return on equity	20.9%	(11.5)%	(11.3)%

	2023	2022	2021
ESG			
Average number of full-time equivalents	213	111	64
CO_2 emissions scope 1 & 2	1,761	1,531	1,571
CO_2 emissions scope 3	5,052	3,137	2,697

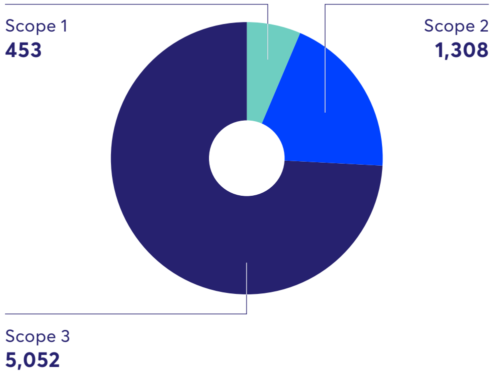
The financial ratios stated under 'Financial highlights' have been calculated as follows:

Gross profit:	Revenue – Raw materials and consumables – Other operating expenses
Gross margin:	Gross profit/loss x 100 / Revenue
Profit margin:	Profit/loss x 100 / Revenue
Return on assets:	Profit/loss x 100 / Total assets
Solvency ration:	Equity x 100 / Total assets
Return on equity	Profit/loss x 100 / Total equity

Average number of full-time equivalents



Emissions scope 1,2 & 3



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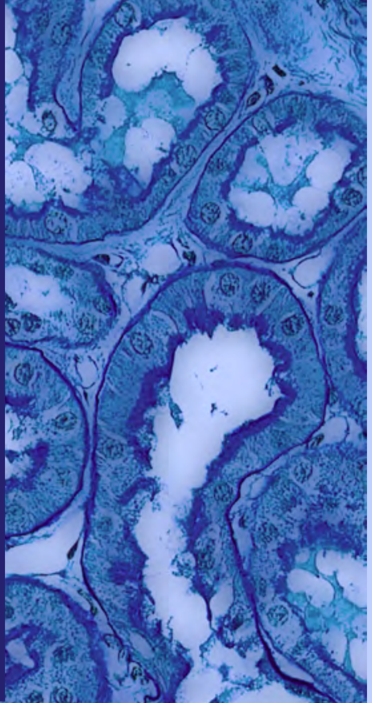
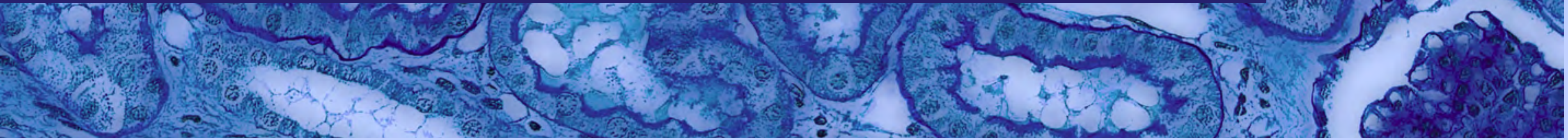



Our Business

Our Business

The Scantox client base ranges from Start-ups, to pharmaceutical companies of all sizes, biotechs and CDMOs. Traditionally Scantox has had a stronghold in small to medium sized pharma, however as the company has achieved a wider service portfolio, growth in other client segments is being targeted and achieved.

Discovery

Discovery Services within the research phase of drug delivery were initially added through the 2022 acquisitions of Scantox Lund and Scantox Solna. Both entities provide services within pharmacokinetics and efficacy studies (standard and specialized).

In 2024, the discovery business segment will expand significantly through the integration of the former QPS Neuropharmacology in Austria. With this acquisition Scantox will gain access to leading research capabilities within neuropharmacology. The Austrian CRO is globally known for their strong expertise in rodent models for research within neurological diseases such as Schizophrenia, Parkinsons, Alzheimer's and Huntingtons disease as well as rare diseases.

Regulatory Toxicology

Regulatory toxicology remains one of Scantox' core competences, and the company holds a strong heritage in this market especially in the Nordic region. Scantox has for many years been a leading expert within safety studies using the Göttingen Minipig, and although the company maintains this position on a global scale, a lot of effort is today going into communicating the fact that Scantox offers a full host of rodents, dogs and minipigs for the full spectrum of preclinical toxicology studies, incl. GLP.

In 2023, an expansion for non-rodents began near the HQ facility in Ejby, which will take Scantox to a leading and innovative position, far exceeding client expectations for animal welfare. The new facility will be inaugurated in 2024.

Analytical

The analytical business unit was formed based on capabilities acquired via the integration of Scantox Gothenburg and Scantox Ballerup in 2023.

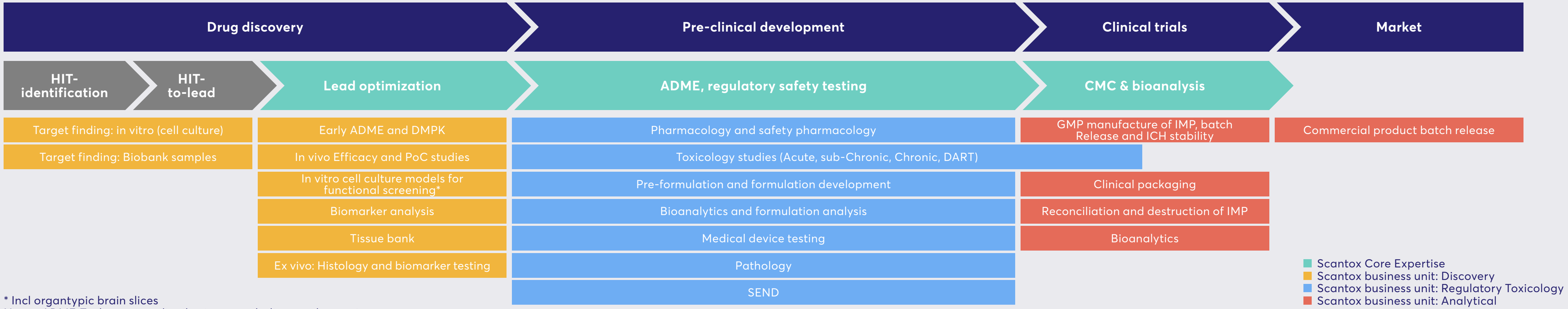
Formulation development, dose formulation manufactory including logistics for phase 1 and 2 clinical trials was a brand-new service line that we now can offer to our clients. Further, a full spectrum of bioanalysis with a comprehensive full package of LCMC/MS method development, validation and sample analysis for both for exploratory, regulatory studies and clinical trials are now available within the Scantox Group.

Business strategy

Our journey in becoming a preferred CRO

Scantox has since 2021 been building an independent business to strengthen the core offering, professionalize operations and expand the service coverage across the value chain. Our overall goal being to provide relevant services to clients from lead optimization, efficacy models, development and production of suitable formulations, full service regulatory toxicology and formulation production and distribution to clinical trials phase 1 and 2.

Scantox has accelerated growth with a number of organic initiatives as well as five add-on acquisitions – latest QPS being the far largest. The acquisition of QPS represents an important and transformative step for Scantox as it has significantly strengthened the market position and enhanced the growth outlook by opening up for a larger combined addressable market that further diversifies the business across disease areas, customers and geographies. Where Scantox used to cater mostly towards the regulatory toxicology segment, acquisitions of new entities have changed this, and we expect that in 2025 the revenue from Discovery work will be of the same magnitude as regulatory toxicology with Analytical support services providing the remaining share of the revenue. The coming years we will focus on combining the group and create a pre-clinical market leader with larger value chain coverage. We will build our capacity and create centers of excellence within selected disease areas and develop best-in-class go-to market models. We will continue to grow investments to develop new high-quality models and launch adjacent services to further strengthen our market position to become the leading full service and scientifically led pre-clinical CRO.



* Incl organtypic brain slices
Notes: ADME-T: absorption, distribution, metabolism, and excretion.
DMPK: drug metabolism and pharmacokinetics

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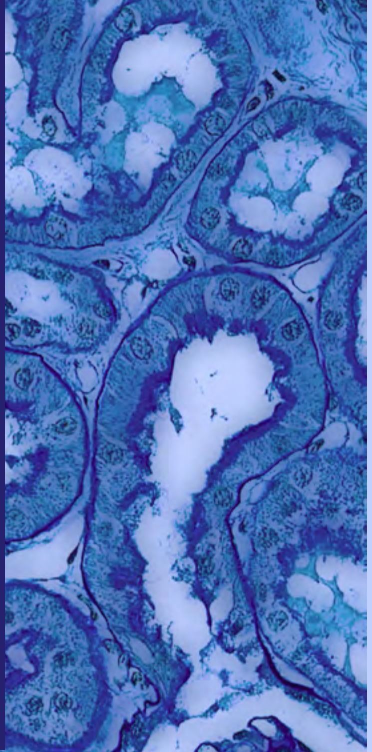
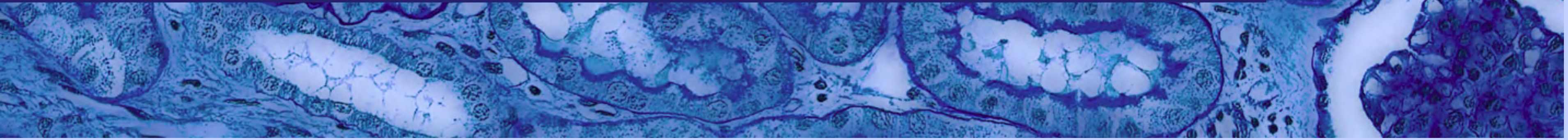




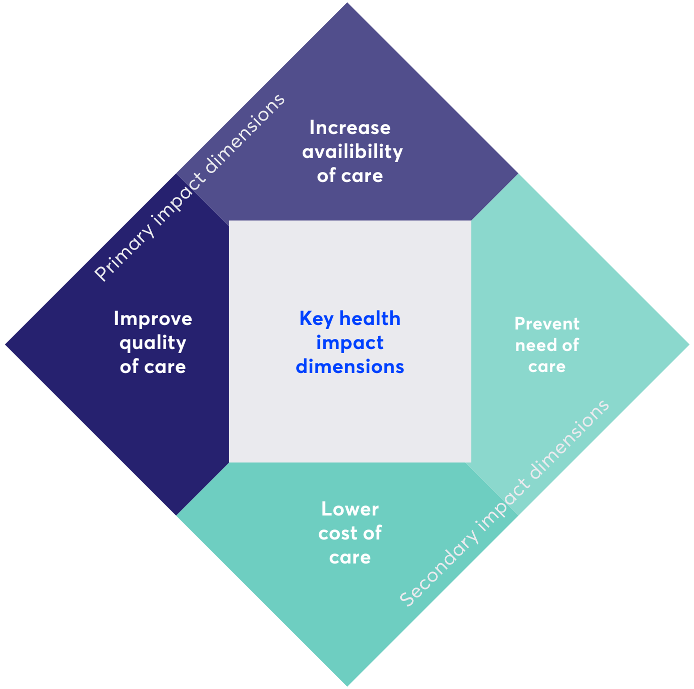
Sustainability & ESG

ESG introduction

Scantox is part of the critical infrastructure for pharma and biotech companies ahead of them progressing new pharmaceutical drugs into clinical trials.

Overall, pre-clinical services are essential to develop new drugs and improve existing treatment models, a process that is both expensive and time consuming. Scantox' services help customers to progress, prioritize and optimize drug development projects that in the end improve the quality of care. We work focused and dedicated on helping customers with identifying safe and efficacious drug candidates and reduce time to market for new pharmaceuticals while minimizing the environmental impact of operations and ensure best-in-class animal welfare to ensure a positive Health Impact in accordance with the Impilo ESG framework.*

* See Impilos annual report for more information on the Health Impact framework.



In 2023 our goals were:

1. Incremental improvements to quality of KPIs and policies, e.g. develop activity-based data for the share of its scope 3 emissions that relate to livestock
2. Focus on initiatives to continuously educate, train and retain staff
3. Adopt global policies across Swedish and Danish facilities
4. Investigate options for reducing dependency on natural gas by changing to renewable energy, which would lead to a material reduction in Scantox's total CO_2 emissions

Goal 1:
Last year, we made a commitment to enhance our Key Performance Indicators (KPIs) and expand our measurement of Scope 3 activities. We successfully fulfilled this pledge by implementing robust automation processes for data collection. This has improved the prioritization and helped maximize the impact of initiatives leading to substantial improvements, reflecting our dedication to transparency, efficiency, and continuous improvement.

Goal 2:
We continued to enhance our commitment to staff education and training. The continuation of our Scantox Academy and additional training options has enabled us to successfully educate and train our employees. Despite significant growth, we are pleased to report that we have maintained a high level of staff retention, showcasing our dedication to both company expansion and employee development.

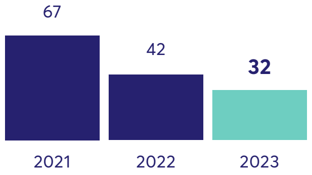
Goal 3:
Substantial progress has been made to our goal of adoptiong global policies across our portfolio. In 2024, we will be rolling out comprehensive global policies across our entire portfolio, marking a significant step forward in ensuring consistency and alignment with our organizational values and objectives.

Goal 4:
We are continuing our efforts to decrease our reliance on natural gas. Comprehensive exploration and analysis have been made and we have identified viable solutions and prepare commencing the implementation of the necessary projects to achieve this in the years to come.

ESG highlights 2023

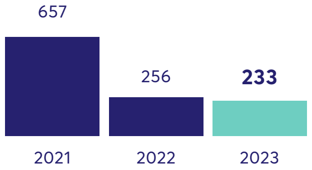
Environment

FTE intensity
Scope 1, 2, & 3 per FTE (tCO_2)



24%
down from 2022

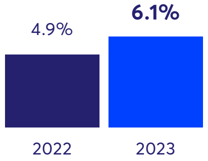
Revenue intensity
Scope 1, 2, & 3 per Revenue (EURm)



9%
down from 2022

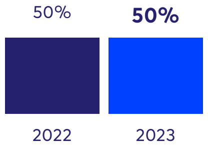
Social

Trainees as part of total workforce
%



1.2pp
change from 2022

Gender diversity, Management
(C -1) (least represented gender(s))



0pp
down from 2022

Governance

Implementation of digital Quality Mangement System
The implementation of a digital management system has been completed to enhance the efficiency of our Standard Operating Procedural work, aiming to streamline processes for optimal performance, follow-up on training, and ensure accuracy.

Whistleblower policy
The implementation of a Whistleblower Policy and Procedure underscores our commitment to transparency and ethical conduct. This framework provides a structured approach for reporting concerns regarding unethical or illegal activities, emphasizing confidentiality and protection for individuals who come forward with information

Real-time data on study emissions
As of 2024, Scantox is able to calculate CO_2e for each study, offering clients valuable insights into their emissions. This daily & real-time data empowers proactive sustainability measures, reinforcing our commitment to transparency and environmental responsibility.

Heading towards being **Scope 2** carbon neutral in 2024

› Read more on page 24

Materiality Assessment

In 2023, Scantox embarked on integrating double materiality, aligning our strategies with environmental and societal goals for sustainable value creation and resilience in a changing world.

Despite not facing immediate regulatory requirements, the company recognized the importance of integrating environmental, social, and governance (ESG) considerations into its strategic decision-making processes. This proactive approach aimed to align corporate objectives with broader societal and environmental goals, fostering resilience and long-term value creation.

Through a comprehensive review of its operations, the organization identified specific areas where its activities intersected with external environmental and social factors. By understanding these interconnected relationships, the organization aimed to mitigate risks, uncover opportunities for innovation, and enhance its overall sustainability performance.

As the organization enters 2024, it remains committed to completing its double materiality work. Leveraging the insights gained from its ongoing efforts, the organization intends to drive meaningful changes across its operations. By integrating double materiality considerations into its strategic planning and decision-making processes, Scantox seeks to not only enhance its financial performance but also contribute positively to the well-being of the planet and society at large.

Goals and commitments

Scantox embraced ESG by integrating sustainability into our core operations. We aligned existing processes with new directives, ensuring seamless implementation. Where needed, we introduced strategies, fostering holistic engagement with environmental, social, and governance responsibilities.

Goal 1

Scantox' commitment to environmental sustainability is resolute. Striving for net-zero emissions by 2030, we have achieved a momentous milestone by reducing our electricity emissions to zero by 2024. Through ongoing innovation and responsible practices, we are dedicated to creating a lasting positive impact on the environment.

Goal 2

At Scantox a significant goal is to elevate education by developing the next generation of talents and enhancing the skills of the existing workforce. We focus on empowering both the youth and seniors, fostering continuous learning, and bridging the gap between potential and proficiency.

Goal 3

We take immense pride in our certified status as a 'Great Place to Work.' Our unwavering dedication to fostering a pleasant and diverse work culture is not just a priority – it is the essence of who we are. Recognizing the pivotal role a positive workplace plays in attracting top talent and driving organizational success, we go beyond words, creating an environment where everyone feels valued and empowered to contribute their best.

Goal 4

In 2024, Scantox is instituting a company-wide commitment to robust and global governance policies. Everyone at Scantox actively incorporates ESG into their work, making it a fundamental part of our collective responsibility. This proactive approach ensures ethical standards and contributes to our sustained success as a responsible industry leader.

Environment

In 2023, our organization took significant strides towards sustainability and environmental responsibility by initiating several key projects aimed at achieving zero emissions from electricity and improving overall efficiency.

In 2023, Scantox continued growth and development, marked by the acquisition of two new companies, expansion of production capabilities and facilities, and the addition and refinement of emission categories. This expansion naturally led to an increase in emissions from 2022 to 2023. However, our proactive initiatives to address this rise will be apparent in 2024, underscoring our dedication to minimizing our environmental footprint even as we continue to expand. These initiatives included the complete elimination of Scope 2 emissions, the implementation of a Computerized Maintenance Management System (CMMS) for our production rooms, and the introduction of a new lamp project with smart sensor technology.

Zero Emissions from Electricity
In adherence to our commitment to environmental sustainability, the organization undertook a bold step in 2023 to eliminate Scope 2 emissions completely by the year 2024. The primary focus was on transitioning to renewable energy sources, such as solar and wind power, to power our operations. This move not only aligned with global efforts to combat climate change but also showcased our dedication to being a responsible and eco-friendly entity.

By investing in clean energy technologies and reconfiguring our electricity infrastructure, we successfully eliminated our carbon footprint associated with electricity consumption. This not only contributes to a healthier planet but also positions our organization as a leader in the industry's sustainability efforts.

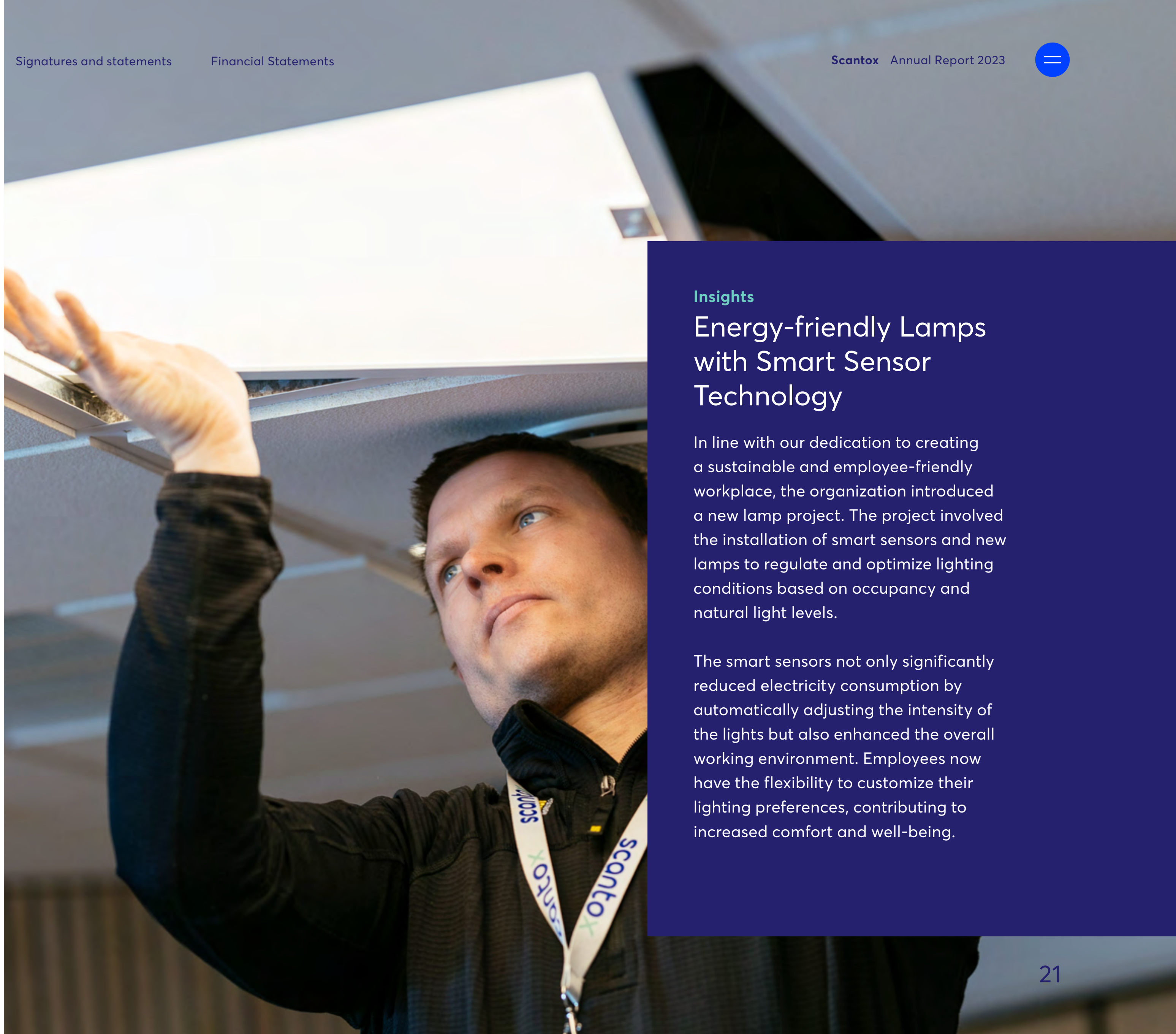
Computerized Maintenance Management System (CMMS) for Production Rooms

To further reduce our environmental impact, a comprehensive CMMS was implemented for our production rooms. This system aimed to optimize the usage of gas and electricity in the vivariums by automating maintenance schedules, tracking energy consumption, and ensuring that resources were only utilized when necessary.

By implementing the CMMS, the organization achieved notable reductions in gas and electricity consumption during periods when facilities were not in use. This not only translated into cost savings but also demonstrated a commitment to resource efficiency and environmental stewardship.

An even greener future

As we embark on a year marked by zero emissions in Scope 2, our commitment extends beyond achieving this milestone. We are dedicated to enhancing our environmental performance by addressing scope 1 emissions and refining our energy profile within scope 2. Our current focus is on a substantial reduction in electricity consumption in scope 2 and transitioning away from gas usage in scope 1. This strategic approach aligns with our ongoing efforts in ESG reporting, reinforcing our dedication to sustainability and responsible business practices.



Insights

Energy-friendly Lamps with Smart Sensor Technology

In line with our dedication to creating a sustainable and employee-friendly workplace, the organization introduced a new lamp project. The project involved the installation of smart sensors and new lamps to regulate and optimize lighting conditions based on occupancy and natural light levels.

The smart sensors not only significantly reduced electricity consumption by automatically adjusting the intensity of the lights but also enhanced the overall working environment. Employees now have the flexibility to customize their lighting preferences, contributing to increased comfort and well-being.

Social

In 2023, Scantox Group has demonstrated a profound commitment to social responsibility, particularly focusing on creating an exemplary workplace and contributing to education.

The company's initiatives have not only been recognized through certifications and nominations but have also brought about significant individual achievements within its workforce.

Needless to state that integration of different businesses due to acquisitions plays a significant role with a specific focus on the employees. Our goal is to preserve individual well-functional work cultures and yet foster a curiosity amongst staff to be open to discuss best practice. This applies to both technical procedures, scientific standards and certainly also animal well fare, safe working environment and employee engagement.

Great Place to Work Certification
Scantox Group achieved the significant 'Great Place to Work' certification, underscoring its dedication to fostering a positive work environment. The company's policies and practices have created a workplace culture that values employee satisfaction, well-being, and professional development.

Educating our workforce

We recognize that an educated and skilled workforce is essential for sustained success and innovation. Education is not just a one-time event; it is an ongoing journey. We take pride in our commitment to nurturing talent and empowering our employees through various educational initiatives.

One significant aspect of our dedication to learning is evident in our internship program. With over 5% of our total workforce consisting of interns, we believe in providing hands-on experiences that contribute to the growth and development of the next generation of professionals. In 2023, our efforts were acknowledged as we were nominated for our local "Bedste Elevplads" award, a testament to our commitment to providing an exceptional learning environment for interns.

Moreover, our commitment extends beyond the youth as we actively promote education for all employees. Whether it is supporting professionals in pursuing management degrees or encouraging employees to to pursue professional growth, we believe in fostering an environment where learning knows no limits.

Insights

Scantox Senior Pathologist receives recognized international Board Certification

In 2023, Scantox Group achieved a noteworthy milestone with the successful board certification FRCPath of Pathologist Gitte Jeppesen. Gitte's accomplishment in obtaining board certification as a toxicopathologist not only signifies a significant personal achievement but also establishes Scantox Group as a trailblazer in histopathology support, reinforcing its prominent position in the industry.

Governance

In line with our unwavering commitment to ethical business practices and corporate responsibility, our company is proud to announce the establishment of a transparent calculation of CO_2 foot print on our individual services as well as internal policy and procedure.

This initiative reflects our dedication to fostering a culture of transparency, accountability, and integrity across all facets of our operations. As we embark on the journey towards enhancing our governance profile, the implementation of robust governance policies remains a top priority for our organization with engagement of our employees and utilization of digitalization in all aspects.

Whistleblower Policy and Procedure
Our newly established whistleblower policy and procedure is designed to empower report of any concerns or suspicions of unethical behavior, misconduct, or violations of our code of conduct. This mechanism ensures that individuals have a secure and confidential channel to voice their concerns without fear of retaliation. By fostering an environment that encourages the reporting of potential issues, we aim to swiftly address any irregularities and uphold the highest standards of corporate conduct.

Due to the substantial regulatory framework governing our industry, our operations are subject to rigorous oversight and compliance measures. As a result, we have already established robust digital Standard Operating Procedures system to ensure adherence to regulatory requirements and maintain operational efficiency. It's crucial that these processes not only comply with existing regulations but also align with our broader commitments to sustainability, social responsibility, and ethical business practices. By harmonizing our established procedures with our evolving ESG framework, we can effectively navigate the complexities of our industry while remaining steadfast in our commitment to responsible corporate citizenship

Hand-in-hand with our goal to reduce our CO_2 footprint, transparency in operation and through our clients we are proud to be able to provide real-time data on study emissions as of 2024. At Scantox we are able to calculate CO_2 e for each study, offering clients valuable insights into their emissions. This daily & real-time data empowers proactive sustainability measures, reinforcing our commitment to transparency and environmental responsibility.

It allows us to navigate the complexities of our industry while remaining steadfast in our commitment to responsible corporate citizenship.

Governance

Scantox recognizes that our certifications play a pivotal role in shaping our livelihood and defining our commitment to excellence.

Each day, we dedicate ourselves to upholding and surpassing the national and international standards set by these certifications. We are proud to confirm that every certification we pursue, we successfully obtain.

Further, we are regularly inspected by our national and international clients for quality as required by the regulatory bodies.

Our focus of continuous improvement underscores our dedication to being the best we can be, as we strive to align our practices with the highest benchmarks in our industry.

Quality

Our regulatory quality certification for Good Laboratory Practice (GLP) and Good Manufactory Practice (GMP) is obtained by national agencies and accreditation bodies.

LÆGEMIDDELSTYRELSEN
DANISH MEDICINES AGENCY

SWEDAC

DANAK

LÄKEMEDELSVERKET
SWEDISH MEDICAL PRODUCTS AGENCY

Business Specific

The use of research animals is licensed by the national authorities, either the Danish Animal Experiment Council (Radet for Dyreforsog) or the Swedish animal Ethics Committee (Djurforsoksetiska Namnden) and are fully compliant with current EU legislation governing the use of research animals.

aaalac INTERNATIONAL

Region Stockholm

Ministry of Food, Agriculture and Fisheries of Denmark

EHS (Environment, Health and Safety)

Our business requires us to use gene modified organisms (GMO's), radio-labelled compounds, hazardous chemicals and more. Our facilities fulfil any legal requirements for using such substances and our staff is trained properly as well and always wear all relevant protective gear.

DANISH HEALTH AUTHORITY

DANISH HEALTH AUTHORITY
Radiation Protection

Great Place To Work®
Certificeret
APR 2023-APR 2024
DANMARK

Work Environment in Denmark
Arbejdstilsynet

ARBETSMILJÖ VERKET

my green lab certification.

Jordbruks verket

Animal welfare

As a preclinical contract research organization, Scantox has a responsibility to ensure the well-being of all animals in our care and we strive to go beyond regulatory requirements.

We constantly strive to go beyond legal requirements when it comes to animal welfare as we believe it is essential for our business and our core values, as well as ensuring higher quality of science and a better working environment for our staff.

This commitment is materialised at all of our sites where we have established local animal welfare bodies but also a global animal welfare committee to share experience and best practices for the benefit of our animals.

Our commitment was most visible with the acquisition of a new facility in Denmark located close to the existing facility in Ejby. The new facility will emerge in 2024 as a state of the art facility that will provide customers with an unsurpassed focus on animal welfare.

Further, we always apply the 3R principles (replacement, reduction and refinement) in all studies conducted at Scantox.

Replace: Living and sentient laboratory animals should be replaced as far as possible with non-sentient alternatives.

Reduce: the intended experimental goal should be achieved with as few animals as possible.

Refine: the experimental animals used are treated as gently as possible. This refers to the entire life of the animal – breeding, transport, husbandry, testing and, if necessary, life ending.

ALL

animal caretakers and animal technicians have a relevant certified education

ESG data

Environmental

Climate	2023	2022	2021
CO_2e Scope 1 - emissions (tons CO_2)	453	441	503
Scope 1 - categories included (number)	4	4	4
CO_2e Scope 2 - emissions (tons CO_2)	1,308	1,090	1,068
Scope 2 - categories included (number)	1	1	1
CO_2e Scope 3 - emissions (tons CO_2)	**5,052**	**3,137**	**2,697**
Scope 3 - categories included (number)	**4**	**3**	**1**
Scope 3 - categories included (spend-based calculations)	**1**	**1**	**1**
CO_2 intensity (scope 1, 2 and 3) revenue	233	256	657
CO_2 intensity (scope 1, 2 and 3) FTE	32	42	67

Energy	2023	2022	2021
Electricity consumed (kWh)	2,116,797	1,763,425	1,728
Natural gases consumed (m^3)	200,309	192,692	207,217

Ressources	2023	2022	2021
Water (m^3)	4,905	3,914	N/A
Water intensity - revenue	167	185	N/A
Water intensity - FTE	23	35	N/A
Waste (tons)	396	108	N/A
Waste intensity - revenue	14	5	N/A
Waste intensity - FTE	2	1	N/A

Social

Diversity	2023	2022	2021
Full-time equivalents	213	111	64
Gender diversity, overall (least represented gender)	25.5%	25.5%	34.0%
Gender diversity, management level (c-1) (least represented gender)	50.0%	50.0%	43.0%

Occupational Health and Safety	2023	2022	2021
Sickness absence, excl. parental leave	5.6%	3.9%	3.8%
Reported occupational injuries, total	43	18	8
Reported injuries per FTE	0.2	0.16	0.12
Reported occupational injuries, resulting in absence	3	3	1
Reported injuries resulting in absence per FTE	0.01%	0.02%	0.01%
Reported occupational injuries, resulting in fatality	0	0	0

Employees	2023	2022	2021
Employee turnover, total	12.0%	12.0%	37.5%
Employee net promoter score	50	N/A	N/A
Share of workforce that are trainees or interns	6.1%	4.9%	7.8%

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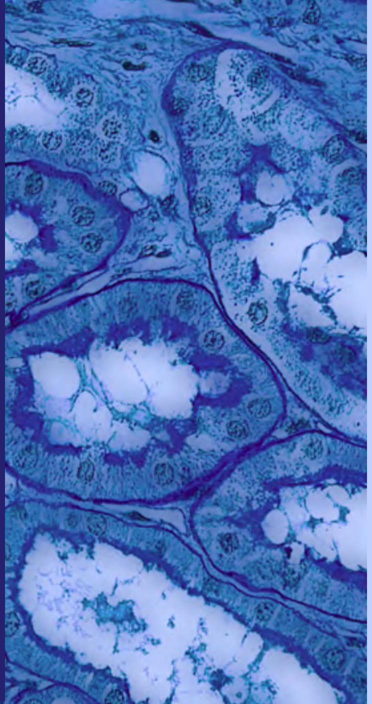
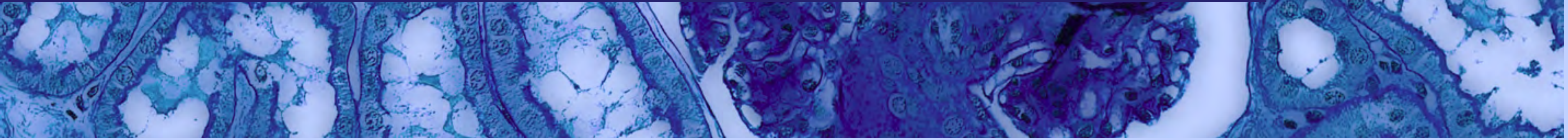




Corporate Governance

Risk management and Governance

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

Governance
Risk management is an integrated 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 Group and the Board of Directors is responsible for the overall strategic development and supervision of the management, guided by the yearly board wheel. The Board of Directors plan 6 yearly regular Board meetings, including a yearly strategy review day and allows time for extraordinary meetings when required. The Board conducts an annual evaulation of the Board performance - including an evaluation of the Chair and the cooperation with the Executive Management.

To facilitate the high growth ambition of Scantox a frequent and close interaction between owners, board and management has been establisyed, following Impilo's guidelines. On top of the yearly Board wheel, a biweekly informal status meeting is held between the CEO, CFO, Chairman and owner and a monthly Performance Review is performed between board and managmenent.

Please also refer to note 4.2 in the Financial Statement for a further review of Finnacial risk management and financial assets

Key operational and financial risks

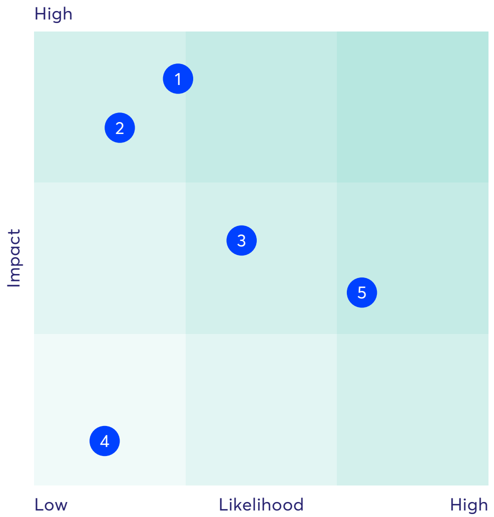
Read more on the following pages ›

1. **Commercial Risk**
2. **Product Supply and Quality Risks**
3. **IT security Risks**
4. **Financial Risk**
(Currency Risks & Interest Rate Risks)
5. **Scantox' ability to attract new employees**

Key operational and financial risks

	Risk ares	Description	Impact	Mitigation actions
1	**Commercial Risk**	Despite being less dependent on macro-economic development and economic cycles, economic factors can change customer prioritization or reduce the available funding for further development and can lead to lower intake of new projects.	• Potential delay in sales or lower sales and profit.	• Close interaction with customers and active business development together with a well-diversified service offering.
2	**Product Supply and Quality Risks**	Disruption of product supply due to, e.g., geopolitical instability, activism or quality failures.	• Potential delay in sales or lower sales and profit.	• Establishing centralized procurement and limiting single supplier delivery on key products in our supply chain.
3	**IT security Risks**	Disruption to IT systems, such as cyber-attacks or infrastructure failure, resulting in business disruption or breath of data confidentiality.	• Could limit our ability to produce and safeguard product quality. • Could compromise patients' or other individuals' privacy. • Could limit our ability to maintain operations or limit future business opportunities if proprietary information is lost . • Could have an adverse impact on sales, profits and market position.	• Company information security awareness activities • Contingency plans for non-availability of IT systems • Internal audit of IT security controls • Detection and protection mechanisms in IT systems and business processes
4	**Financial Risk (Currency Risks & Interest Rate Risks)**	Exchange rate fluctuations and changes to interest rates.	• Currency risk arises by having contracts in other currencies than EUR. • The direct interest risk is from the Group's debt that mainly is with floating rate interests payments.	• Currency risk is not hedged as the main contract currencies are EUR and DKK. Interest rate risk is minimal as the Group's overall debt is low.
5	**Scantox' ability to attract new employees**	Market dynamics and the continued growth can make it difficult to satisfy the demand for new highly skilled employees.	• Limit the company's possibility for growth.	• Establish good connections to educational institutions and operating from several locations.

Key operational risks



Board of Directors



	Jens Bager	Nicholas Hooge	Daniel Spasic
Education	MSc in Economics and Business Administration from Copenhagen Business School.	MSc in Business Administration and Management Science from Copenhagen Business School.	Technical degree in chemical engineering and an OPM from Harvard Business School.
Past and present	Since 2016 Jens Bager has focused on non-executive directorships and has been Chairman of a number of companies including Ambu A/S and the Grundfos Foundation. He currently serves as Chairman for Better Collective A/S, Scantox A/S and Marleybones Ltd. Other assignments include member of the executive board of Apto Invest ApS, Apto Advisory ApS, Tandlagen.dk and Symmetry Administration ApS.	Nicholas joined Impilo as partner in 2020 and is a member of Impilo's investment committee. Prior to this he was a Senior Director at EQT Partners where he worked from 2006-2019, based both in Copenhagen and New York with a focus on private equity and Infrastructure investments. From 2004-2006 Nicholas worked for Deutsche Bank in London focusing on M&A in the Nordic countries.	Daniel has close to 30 years in senior life science executive roles. In 1996 he joined Pharmacia & Upjohn in clinical drug development. He later founded TFS Health Sciences, a global clinical Contract Research Organization. His expertise covers biopharma services and research technology-enabled services. He is currently serving as Executive Chairman in Julius Clinical, iuvo Biosciences and Inhalation Sciences and board NED in Scantox, Avance Clinical, Trialbee and PathoQuest. Daniel is based in Boston, USA.
Member	Chairman of the board since: 2021	Member of the board since: 2021	Member of the board since: 2021

Board of Directors

			
	Karsten Lindhardt	**Mette Kirstine Agger**	**Mark Treherne**
Education	MSc and PhD in pharmacology and biopharmacy from Danmarks Farmaceutiske Universitet. Diploma from CBS Copenhagen Business School.	Mette Kirstine Agger holds an MSc. in Biology and an MBA.	B.Sc. Physiology and Pharmacology, University of St Andrews. MPhil and PhD in Pharmacology, University of Cambridge.
Past and present	Karsten Lindhardt is the Founder and CEO of Biograil; a company that specializes in developing oral delivery systems for biologics. Prior to Biograil, Lindhardt served as the Chief Scientific Officer at Egalet Corporation [EGLT] NASDAQ NY. He has previously worked at Novo Nordisk, Ferring Pharmaceuticals, OSI Pharmaceuticals and Curalogic. He has co-founded various start-up companies and serves in the research grant evaluation panel in Growth Fund Denmark.	Senior Advisor and board member for numerous biopharma companies, where she utilizes her extensive industry experience as a strategic advisor. Currently serves on several boards, including Abzu, KLIFO, ScPharmaceuticals, D.O.F. and C. V Obel A/S. Previously a managing partner of Lundbeckfonden Ventures, and later Senior Advisor for Lundbeckfonden BioCapital (succeeding Lundbeckfonden Ventures). Earlier on, CEO and co-founder of 7TM Pharma A/S, and part of the management team of NeuroSearch A/S.	Commercial research scientist with 30 years' experience in developing novel treatments. Formerly at Pfizer and responsible for research into neurodegenerative diseases in the UK. Subsequently, set up Cambridge Drug Discovery as a co-founder and Chief Executive, which was sold to BioFocus and then to Charles River. Now serves on the boards of multiple therapeutics, research services, research tools and diagnostics companies worldwide.
Member	Member of the board since: 2021	Member of the board since: 2024	Member of the board since: 2024

Management Team

Executive Management

Group Management

	Jeanet Løgsted	**Martin Amtoft-Christensen**	**Mikkel Lykke Jensen**	**Mette Ellemann-Søtofte**	**Andy Brown**
Position	**Chief Executive Officer (CEO)**	**Chief Financial Officer (CFO)**	**Chief Scientific Officer (CSO)**	**Chief Operating Officer (COO)**	**Chief Commercial Officer (CCO)**
Education	MSc Pharm, PhD	MSc Economics	DVM	MSc Pharm	MBA
Past and present	Jeanet Løgsted has 30+ years of work experience with drug development from the preclinical contract research organization perspective as well as pharma (LEO Pharma) with different managerial and client facing positions. She was the site manager during late part of the Citoxlab area and during the Charles River ownership, before actively part of the re-funding and establishment of Scantox Group.	Martin Amtoft-Christensen has 20+ years of international CFO experience. Prior to joining Scantox he worked within professional services as CFO for Textilia A/S and Allianceplus A/S and prior to that as Director of Shared services and member of the Executive Board in Berendsen Plc.	Mikkel Lykke Jensen has 15 years of experience within Life Science. Prior to joining Scantox, he worked in academia with animal models to study human pediatric nutrition and malnutrition. He has held several positions in Scantox and is now responsible for scientific development as well as animal welfare. Mikkel is a member of the Danish Animal Experiment Council where he has been appointed by Danish Industry.	Since completing her degree in Pharmacy Mette has worked in the pharmaceutical sector in different companies (LEO Pharma, Novo Nordisk), and for the past 18 years in different management positions. Mette has been with Scantox for 11 years over two periods and is now responsible for Operations. Also, Mette heads the Health and Safety Group.	Andy Brown has 15+ year's experience in the contract research industry serving in both commercial and operational leadership roles. Most recently, at AltaSciences (formerly Sinclair Research) he served as the VP of Commercial Operations from 2018-2021 and GM from 2021-2023. Prior to Altasciences, Brown served as Global Vice President of Strategic Accounts at Envigo.
With Scantox since	**2005**	**2022**	**2013**	**2005-2012 and 2020-**	**2023**

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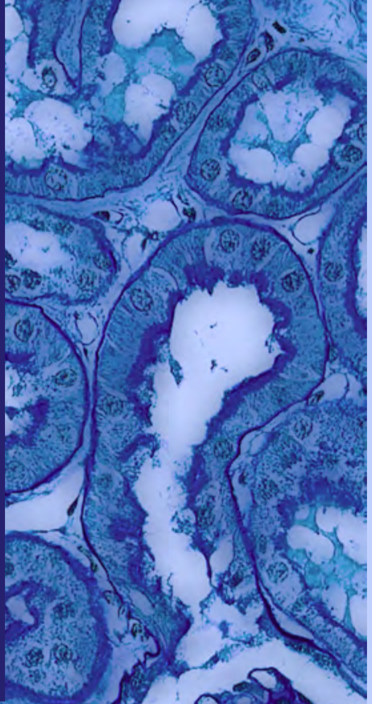

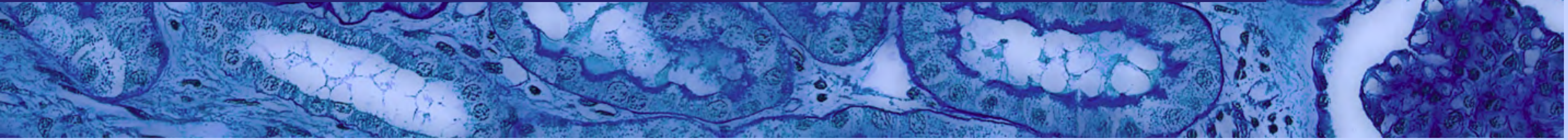

Signatures and statements

Company details

Name	Scantox Holding ApS
Address, postal code, city	Hestehavevej 36A Ejby, DK-4623 Lille Skensved
CVR no.	42 01 51 72
Established	11 January 2021
Registered office	Køge, Denmark
Financial year	1 January – 31 December

Executive Board	Jeanet Løgsted Nielsen, CEO Martin Amtoft-Christensen, CFO
Board of Directors	Jens Bager, Chair Nicholas Povl Zilstorff Hooge Karsten Lindhardt Daniel Spasic Mette Kirstine Agger Mark Treherne
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, DK-2000 Frederiksberg

Statement by the Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of Scantox Holding ApS for the financial year 1 January - 31 December 2023.

The annual report has been prepared in accordance with International Financial Reporting Standards (IFRS®) as adopted by the European Union (EU), and additional disclosure requirements in the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023 and of the results of their operations and consolidated cash flows for the financial year 1 January - 31 December 2023.

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

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

Lille Skensved, 18 April 2024

Executive Board:

Jeanet Løgsted Nielsen
CEO

Martin Amtoft-Christensen
CFO

Board of Directors:

Jens Bager
Chair

Nicholas Povl Zilstorff Hooge

Karsten Lindhardt

Mette Kirstine Agger

Jonathan Mark Treherne

Daniel Spasic

Independent Auditor's Report

To the shareholders of Scantox Holding ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Scantox Holding ApS for the financial year 1 January – 31 December 2023, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with IFRS Accounting Standards (IFRS®) as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "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 Group 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.

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 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 our procedures, 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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report
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.

- 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Copenhagen, 18 April, 2024

EY Godkendt Revisionspartnerselskab
CVR no. 42 01 51 72

Ole Becker
State Authorised Public Accountant
mne33732

Christian Carlsbæk
State Authorised Public Accountant
mne50651

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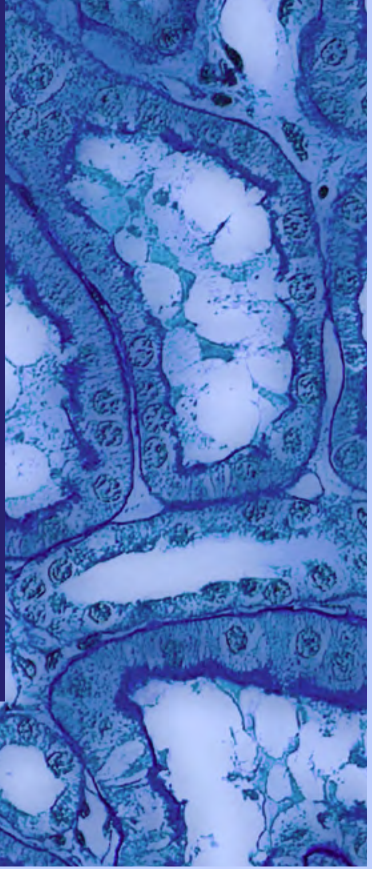

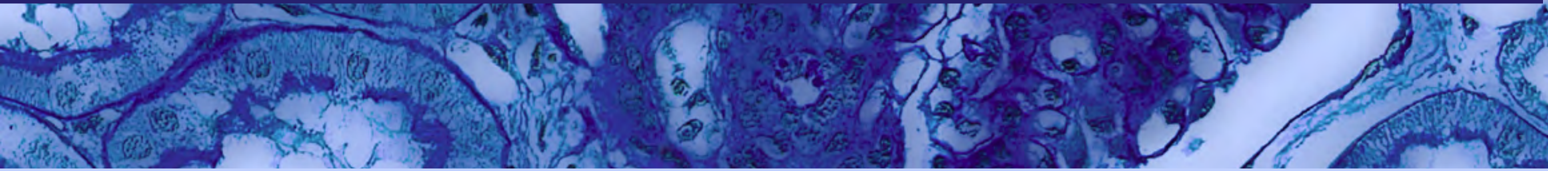

Financial Statements

Statement of Comprehensive Income

Year ended December 31

EUR thousand	Note	2023	2022
Revenue	2.1	29,251	18,222
Raw materials and consumables	2.2	(5,667)	(3,897)
Personnel costs	2.3	(13,683)	(9,002)
Other operating expenses	2.4	(4,711)	(2,853)
EBITDA before special items		**5,190**	**2,470**
Special items	2.5	(1,419)	(1,452)
Amortization, depreciation and impairment	3.2	(2,450)	(1,446)
EBIT		**1,321**	**(428)**
Finance income	2.6	222	100
Finance costs	2.6	(537)	(123)
Profit before income tax		**1,006**	**(451)**
Income taxes	2.7	212	(17)
Income/(loss) for the year		**1,218**	**(468)**
Other comprehensive income that maybe reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		102	(108)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income / (loss) for the year		**102**	**(108)**
Total comprehensive income / loss for the year		**1,320**	**(576)**

EUR thousand	Note	2023	2022
The income/(loss) for the year is attributable to:			
Owners of Scantox Holding ApS		1,218	(468)
The total comprehensive income/(loss) for the year is attributable to:			
Owners of Scantox Holding ApS		1,320	(576)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

EUR thousand	Note	As of December 31, 2023	2022	As of January 1, 2022
ASSETS				
Non-current assets				
Goodwill	3.1	4,103	937	-
Other intangible assets	3.1	2,169	1,287	38
Property, plant and equipment	3.2	13,137	8,767	7,180
Deferred tax assets	2.6	2,082	1,342	1,403
Other non-current assets	3.3	-	228	-
Total non-current assets		**21,491**	**12,561**	**8,621**
Current assets				
Inventories	3.4	390	317	191
Trade receivables	3.5	3,807	2,811	3,179
Contract assets	2.1	1,531	1,027	280
Income tax assets		127	-	-
Other current assets	3.3	671	265	104
Cash and cash equivalents		1,041	2,660	2,572
Total current assets		**7,567**	**7,080**	**6,326**
Total assets		**29,058**	**19,641**	**14,947**

EUR thousand	Note	As of December 31, 2023	2022	As of January 1, 2022
EQUITY AND LIABILITIES				
Equity				
Share capital	4.1	69	68	67
Other reserves		416	(118)	(10)
Retained earnings		5,340	4,122	4,457
Total equity		**5,825**	**4,072**	**4,514**
Non-current liabilities				
Non-current borrowings	4.2	6,621	4,352	4,048
Deferred tax liabilities	2.7	440	257	-
Other non-current liabilities	3.6	753	800	1,062
Total non-current liabilities		**7,814**	**5,409**	**5,110**
Current liabilities				
Current borrowings	4.2	7,719	1,424	404
Contract liabilities	2.1	1,921	4,257	2,363
Trade payables		1,977	1,557	708
Income tax payables		590	7	-
Other current liabilities	3.6	3,212	2,915	1,848
Total current liabilities		**15,419**	**10,160**	**5,323**
Total liabilities		**23,233**	**15,569**	**10,433**
Total equity and liabilities		**29,058**	**19,641**	**14,947**

Non-controlling interest amounts to nil as of December 31, 2023, December 31, 2022 and Jan 1, 2022

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Cash Flow Statement

Year ended December 31

EUR thousand	Note	2023	2022
Profit / (loss) before income tax		1,006	(451)
Amortization, depreciation, and impairment		2,450	1,446
Finance income	2.6	(222)	(100)
Finance costs	2.6	537	123
Changes in inventories		16	103
Change in trade receivables		(534)	1,146
Change in trade payables		418	499
Change in other assets and liabilities		(3,023)	844
Interest paid		(520)	(101)
Income taxes paid		(571)	(18)
Net cash flows from operating activities		**(443)**	**3,491**
Acquisitions of subsidiaries, net of cash acquired	5.1	(3,855)	(1,233)
Purchase of property, plant and equipment	3.2	(4,386)	(1,452)
Purchase of intangible assets	3.1	(50)	(77)
Net cash flows used in investing activities		**(8,291)**	**(2,762)**

EUR thousand	Note	2023	2022
Proceeds from issues of shares		433	202
Purchase of own shares		-	(68)
Proceeds from borrowings	4.3	11,288	-
Repayment of borrowings	4.3	(3,703)	(351)
Payment of principal portion of lease liabilities	4.3	(886)	(389)
Net cash flows from / (used in) financing activities		**7,132**	**(606)**
Net increase in cash and cash equivalents		(1,602)	123
Net foreign exchange difference		(17)	(35)
Cash and cash equivalent at 1 January		**2,660**	**2,572**
Cash and cash equivalent at 31 December		**1,041**	**2,660**

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

EUR thousand	Note	Share Capital	Share premium	First-time adoption reserve	Foreign currency translation reserve	Retained earnings	Total equity
Equity at January 1, 2022		**67**	**-**	**(10)**	**-**	**4,457**	**4,514**
Income / (Loss) for the year		-	-	-	-	(468)	(468)
Other comprehensive income / (Loss) for the year		-	-	-	(108)	-	(108)
Total Comprehensive income / (Loss) for the year		**67**	**-**	**(10)**	**(108)**	**3,989**	**3,938**
Capital Increase	4.1	1	-	-	-	201	202
Purchase of own shares		-	(68)	-	-	-	(68)
Transfer from share premium		-	68	-	-	(68)	-
Equity at December 31, 2022		**68**	**-**	**(10)**	**(108)**	**4,122**	**4,072**
Income / (Loss) for the year		-	-	-	-	1,218	1,218
Other comprehensive income / (Loss) for the year		-	-	-	102	-	102
Total Comprehensive income / (Loss) for the year		**68**	**-**	**(10)**	**(6)**	**5,340**	**5,392**
Capital Increase	4.1	1	432	-	-	-	433
Equity at December 31, 2023		**69**	**432**	**(10)**	**(6)**	**5,340**	**5,825**

Non-controlling interest amounts to nil as of December 31, 2023, December 31, 2022 and Jan 1, 2022

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

Notes

Notes – Section 1

Note 1.1 Corporate information

The annual consolidated financial statements of Scantox Holding ApS ('Scantox' or the 'Company') and its subsidiaries (collectively, the 'Group') for the year ended December 31,2023 were authorized for issue in accordance with a resolution of the Board of Directors on April 18, 2024.

The parent company is a limited liability company incorporated and domiciled in Denmark. The company's registered office address is Hestehavevej 36A, DK-4623 Lille Skensved, Denmark.

The Group, also through its subsidiaries, operates in pre-clinical research services.

The consolidated financial statements were audited by EY, who was appointed as independent auditor of the Company and its most significant subsidiaries.

Note 1.2 Material accounting policy information

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
The consolidated financial statements of the Group for the year ended December 31, 2023 have been prepared in accordance with International Financial Reporting Standards - IFRS® (hereinafter 'IFRS') as adopted by the European Union (EU), and additional disclosure requirements in the Danish Financial Statements Act applying to medium reporting class C entities.

For periods up to and including the year ended December 31, 2022, the Group prepared its financial statements in accordance with the Danish Financial Act ('Danish GAAP'). These financial statements for the year ended December 31, 2023 are the first the Group prepared in accordance with IFRS as adopted by EU. Refer to Note "Transition to IFRS" for information on how the Group adopted IFRS.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

The consolidated financial statements have been prepared on a historical cost basis, except regarding the measurement of financial assets and liabilities, where application of the fair value criterion is required.

The consolidated financial statements are presented in euros (EUR) due to Group´s international relations and all values are rounded to the nearest thousand (€000), except when otherwise indicated.

Presentation of accounting policies
Material accounting policies related to specific line items are included in the notes related to these items.

Defining materiality
The consolidated financial statements are a result of processing large numbers of transactions and aggregating those transactions into classes according to their nature or function. When aggregated, the transactions are presented in classes of similar items in the consolidated financial statements. If a line item is not individually material, it is aggregated with other items of a similar nature in the consolidated financial statements or in the notes. There are substantial disclosure requirements throughout IFRS.

Management provides specific disclosures required by IFRS unless the information is considered immaterial to the economic decision-making of the intended users of the consolidated financial statements or not applicable.

Translation of foreign currencies
The functional currency of the Parent is the Danish krone (DKK) and for each of the reporting entities in the Group, a functional currency is determined. The functional currency is the currency used in the primary financial environment in which the reporting

Notes – Section 1

Note 1.2 Material accounting policy information, continued

entity operates. Transactions denominated in other currencies than the functional currency are foreign currency transactions. On initial recognition, foreign currency transactions are translated into the functional currency using 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 into the functional currency using the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or the exchange rates in the latest annual report is recognised in the income statement as financial income or financial expenses.

On consolidation, the assets and the liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into EUR at the exchange rates at the reporting date. The income statements and statement of cash flows of foreign operations are translated into EUR at average exchange rates for the period, unless such average exchange rates are unrepresentative of the exchange rates prevailing at the transaction dates, in which case the transaction date exchange rates are applied.

The exchange rate arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of December 31, 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group ceases to control the subsidiary.

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Entities disposed of are recognised in the consolidated statement of profit or loss until the date of disposal.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent company. When necessary, the financial statements of subsidiaries are adjusted to align their accounting policies with those of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows arising from transactions between group entities are fully eliminated on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Notes – Section 1

Note 1.2 Material accounting policy information, continued

Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Contingent consideration, resulting from business combinations has been measured at fair value at the acquisition date as part of the business combination and subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows (Level 3) and the key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Cash flow statement
Cash flow generated by operating activities has been reported using the "indirect method" and the Group has chosen to present interest paid as operating cash flows.

Alternative performance measures
Scantox presents certain financial measures of the Group's financial performance, financial position and cash flows that are not defined according to IFRS.

These non-IFRS financial measures may not be defined and calculated by other companies using the same method and may not be comparable.

The financial measures should not be considered as a replacement for performance measures as defined under IFRS, but rather as supplementary information.

Calculation of key figures and financial ratios

EBITDA before special items	Operating income/(loss) EBIT adjusted for amortization, depreciation, impairment losses and special items
EBIT	Operating income / (loss)
Working capital	Inventories and trade receivables less trade payables

Notes – Section 1

Note 1.3 New and amended standards and interpretations

In the context of the IFRS transition, the Group applied for the first-time the IFRS effective for annual periods beginning on 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New standards issued by the International Accounting Standards Board (IASB) and endorsed by the European union (EU) but not yet effective

- Amendments to IAS 1 Presentation of Financial Statements related to the classification of liabilities as Current or Non-current
- Amendments to IFRS 16 Leases: Lease liability in Sale and Lease back (issued on 22 September 2022).

The Group does not expect any material impact from the adoption of these amendments.

New standards, amendments, clarifications and interpretations issued by IASB but not yet endorsed by EU

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023)
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023).

The Group does not expect any material impact from the adoption of these amendments.

Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation. The items and considerations that are most directly impacted by climate-related matters are:

- Useful life of property, plant and equipment. When reviewing the residual values and expected useful lives of assets, the Group considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures.

- Impairment of non-financial assets. The value-in-use may be impacted in several different ways by transition risk, such as climate-related legislation and regulations. Even though the Group has concluded that no single climate-related assumption is a key assumption for the 2023 test of goodwill, the Group considered expectations for increased costs in the cash-flow forecasts in assessing value-in-use amounts.

Notes – Section 1

Note 1.4 Significant accounting estimates and judgments

In preparation of the consolidated financial statements, Management makes various accounting estimates and judgments that form the basis of presentation, recognition and measurement of the Group's assets, liabilities, income and expenses. The key accounting estimates identified are those that have a significant risk of resulting in a material adjustment to the carrying amounts of assets or liabilities within the next financial year.

The application of the Group's accounting policies may require Management to make judgments that can have a significant effect on the amounts recognized in the consolidated financial statements. Management judgment is required in particular when assessing the substance of transactions that have a complicated structure or legal form.

The accounting estimates and judgments made are based on historical experience and other factors that Management assesses to be reliable, but that, by nature, are associated with uncertainty and unpredictability and may therefore prove incomplete or incorrect, and unexpected events or circumstances may arise.

The Group is also subject to risks and uncertainties that may lead to actual results differing from these estimates, either positively or negatively.

Assumptions about the future and the estimation of uncertainties at the balance sheet date are described in the notes when there is a significant risk of changes that could result in a material adjustments to the carrying amounts of assets or liabilities within the next financial year.

Management considers the key accounting estimates and judgements used in the preparation of the consolidated financial statements relating to the following:

- Note 3.1 Goodwill
- Note 5.1 Business combinations
- Note 2.1 Revenue
- Note 2.5 Special items

Notes – Section 2

Note 2.1 Revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers:

EUR thousand	2023	2022
Nordic	17,565	11,920
Europe (ex. Nordic)	8,325	4,124
Rest of the world	3,361	2,178
Total	**29,251**	**18,222**

Revenues are attributed to the regions on the basis of the customer's location.

EUR thousand	2023	2022	January 1, 2022
Contract balances			
Trade receivables	3,807	2,811	3,179
Contract assets	1,531	1,027	280
Contract liabilities	1,921	4,257	2,363

Accounting policies

Revenue

Scantox earn revenues by providing a number of different services to the clients. These services, which are integral elements of the pre-clinical research process, include providing the pre-clinical research report and archiving of the materials.

Pre-clinical research services (98% of the total revenue) are a single performance obligation satisfied over time and promises offered to the customer are not distinct within the context of the contract.

The transaction price is determined by reference to the contract or change order value adjusted to reflect a realisable contract value. Consideration in the contract does not include any variable amounts.

Revenue is recognised using a percentage-of-completion method based on costs incurred to measure its progress (i.e., cost-to-cost). The progress towards completion for clinical service contracts is measured therefore based on an input measure being total project costs at each reporting period. Assessment of completion requires an evaluation of labour and related time cost incurred at the reporting date.

Payment is generally due within 30 to 60 days.

Significant accounting estimates and judgement

Revenues related to pre-clinical research report are recognized over time based on the input method of measuring progress toward complete satisfaction of the related performance obligation, calculated as a proportion of the overall revenue expected for the contract equal to the ratios of costs incurred during the study phase. Management has exercised judgement in determining the actual cost incurred, as well as the timing of revenue recognition.

Notes – Section 2

Note 2.1 Revenue, continued

Accounting policies

Contract assets and contract liabilities

Contract assets relate to revenue earned from ongoing services. As such, the balances of this account vary and depend on the number of ongoing services at the end of the year. Contract liabilities include customer advances received to render services.

The acquisition of subsidiaries also resulted in an increase in contract assets of nil in 2023 (2022: EUR 233 thousand) and contract liabilities of EUR 43 thousand in 2023 (2022: EUR 1,723 thousand).

Of revenue recognized for the fiscal years ended December 31, 2023 and 2022, the balances included in contract liabilities at the beginning of the respective years were EUR 4,257 thousand and EUR 2,363 thousand respectively. Unsatisfied performance obligations are expected to be recognized within one year.

In addition, for the fiscal years ended December 31, 2023 and 2022, there is no significant revenue recognized from the performance obligation satisfied in the previous periods.

Note 2.2 Raw materials and consumables

EUR thousand	2023	2022
Raw materials and consumables		
Purchased raw materials and consumables	5,594	3,771
Change in inventories	73	126
Total	**5,667**	**3,897**

Note 2.3 Personnel costs

EUR thousand	2023	2022
Personnel Expenses		
Wages and salaries	11,797	8,113
Pensions	1,717	745
Social security	161	142
Other personnel expenses	8	2
Total	**13,683**	**9,002**
Average number of full time-employees:	213	111
Key management personnel		
Fees to Executive Board	767	724
Fees to Board of Directors	74	84
Total	**841**	**808**

Remuneration of Key Management Personnel

Total fees to key management personnel, comprising members of the Executive Board amounted to EUR 767 thousand.

Employee benefits include fixed-base salary and accrued cash bonuses designed to incentivize individual performance and the achievement of a number of predefined short-term functional and individual business targets. For the financial years ending December 31, 2023 and December 31, 2022, key management personnel consisted of the Executive Board.

Notes – Section 2

Note 2.4 Other operating expenses

EUR thousand	2023	2022
Other Operating Expenses		
Consultants and IT services	1,417	1,150
Maintenance	788	525
Utilities	674	460
Insurance	214	119
Other operating expenses	1,618	599
Total	**4,711**	**2,853**

Note 2.5 Special items

EUR thousand	2023	2022
Special items		
Business combinations	1,150	418
One-off personnel costs	269	1,034
Total	**1,419**	**1,452**

Accounting policies

Special items comprise amounts that are not considered to be attributable to recurring operations, such as income and expenses related to business combinations and fair value adjustments to contingent considerations relating to business combinations resulting from events after the acquisition date.

Significant accounting estimates and judgement

The use of special items entails Management judgement in the separation form other items in the statement of comprehensive income. Management considers such items in order to present a distinction between the operating activities and restructuring of the Group carried out to enhance the future earnings potential. All income and costs presented under "Special items" are directly derived from the books and records monitored by Management to ensure that only amounts meeting the criteria of being a non-recurring nature and not related to recurring operations are included.

Note 2.6 Financial income and expenses

EUR thousand	2023	2022
Financial income		
Foreign exchange rate differences	208	99
Interest income	14	1
Total	**222**	**100**
Financial expenses		
Interest expenses	434	86
Interest on lease liabilities	86	30
Other financial expenses	17	7
Total	**537**	**123**

Accounting policies

Financial income and expenses comprise interest income and interest expenses and interest component of lease payments), foreign exchange rate differences related to items denominated in foreign currencies.

Notes – Section 2

Note 2.7 Income taxes and deferred tax

EUR thousand	2023	2022
Income taxes		
Current tax for the year	565	-
Deferred tax for the year	(785)	39
Prior year adjustment	8	(22)
Total	**(212)**	**17**
Theoretical income taxes at the Company tax rate of 22%	221	(99)
Prior year adjustments	8	(22)
Deviation in tax in foreign companies in relation to Danish tax rate	(27)	6
Permanent and other differences	(414)	132
Effective tax rate	**-21%**	**-4%**
Income taxes	**(212)**	**17**

Deferred taxes

EUR thousand	2023	2022
Deferred tax assets		
Deferred tax at 1 January	1,342	1,403
Additions from acquisitions	7	-
Change in deferred taxes – recognized in comprehensive income	743	(60)
Currency translation	(10)	(1)
Deferred tax assets at December 31	**2,082**	**1,342**
Deferred tax liability		
Deferred tax at 1 January	257	-
Additions from acquisitions	232	278
Change in deferred taxes – recognized in comprehensive income	(42)	(21)
Currency translation	(7)	-
Deferred tax liability at December 31	**440**	**257**

Notes – Section 2

Note 2.7 Income taxes and deferred tax, continued

EUR thousand	2023	2022	January 1, 2022
Reflected in the statement of financial position as follows:			
Deferred tax assets	2,082	1,342	1,403
Deferred tax liabilities	440	257	-
Net deferred tax assets/(liabilities)	**1,642**	**1,085**	**1,403**

Deferred tax assets mainly relates to tax losses carried forward, while deferred tax liabilities are primarily attributable to acquisition-related intangible assets customer relationship and order backlog. Refer to Note 5.1 “Business combinations” for further details.

Accounting policies

Current tax liabilities and receivables are recognized in the balance sheet at the amounts calculated on the taxable income for the year, adjusted for tax on taxable income for prior years and for taxes paid on account.

Deferred taxes are measured using the balance sheet liability method and comprises all temporary differences between the carrying amount and tax base of assets and liabilities. Deferred tax is not recognized for taxable or deductible temporary differences:

- arising from the initial recognition of goodwill
- on the initial recognition of assets and liabilities in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit
- associated with investments in subsidiaries, branches, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

When the computation of the tax base may be performed according to different tax rules, deferred tax is measured on the basis of Management’s intended use of the asset or settlement of the liability.

Notes – Section 3

Note 3.1 Intangible assets

EUR thousand	Software	Customer Relation-ships	Order backlog	Goodwill	Total
Carrying amount at January 1, 2022	**38**	**-**	**-**	**-**	**38**
of which:					
- historical cost	94	-	-	-	94
- accumulated amortisation	(56)	-	-	-	(56)
Additions from acquisitions	-	1,165	168	963	2,296
Additions	77		-	-	77
Amortisation	(34)	(39)	(55)	-	(128)
Impairment	-	-	-	-	-
Currency translation	-	(29)	(4)	(26)	(59)
Carrying amount at December 31, 2022	**81**	**1,097**	**109**	**937**	**2,224**
of which:					
- historical cost	171	1,136	164	937	2,408
- accumulated amortisation	(90)	(39)	(55)	-	(184)
Additions from acquisitions	-	1,079	-	3,154	4,233
Additions	50	-	-	-	50
Amortisation	(51)	(137)	(65)	-	(253)
Impairment	-	-	-	-	-
Currency translation	-	4	2	12	18
Carrying amount at December 31, 2023	**80**	**2,043**	**46**	**4,103**	**6,272**
of which:					
- historical cost	221	2,219	166	4,103	6,709
- accumulated amortisation	(141)	(176)	(120)	-	(437)

Accounting policies

Amortization is carried out systematically over the expected useful lives of the assets:

Software	3-5 years
Customer relationship	10-15 years
Order backlog	2-3 years

No other Intangible assets, besides Goodwill, has indefinite lives.

Customer relationships and order backlogs

In 2022 and 2023, the Group acquired intangible assets, customer relationships and order backlogs, through acquisitions amounting to EUR 1,333 thousand and EUR 1,079 thousand, respectively.

The remaining useful life of customer relationships and order backlogs are ranging from 9 – 14 years and 1 - 2 years, respectively.

Software

Software comprises expenses for acquiring software licenses. The value of the recognized software has been compared to the expected value in use.

The remaining useful life of software is ranging from 2-3 years.

Other intangible assets are measured at cost less accumulated amortization and impairment losses. An impairment test is carried out if there are any indications of impairment.

Goodwill

As of December 31, 2023 goodwill amounted to EUR 4,103 thousand (EUR 937 thousand and nil as of December 31, 2022 and January 1, 2022, respectively) and it has been allocated to the Scantox Group´s only cash-generating unit ("CGU").

Notes – Section 3

Note 3.1 Intangible assets, continued

Impairment test was performed as of December 31, 2023 by comparing the carrying amount and the recoverable amount of the CGU. The recoverable amount is based on the "value in use" as the present value of the future cash flows expected to be derived from the CGU, since there was no basis for making a reliable estimate of fair value less cost of disposal.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions
The calculation of the value in use is most sensitive to the following assumptions:

- EBITDA margin
- Discount rate (WACC)
- Growth rate estimates

Further to the above, more sensitive assumptions, management assess what the level for working capital and CAPEX should be in the scenarios considered.

EBITDA margin
Overall, average EBITDA margin of 19.2% is expected in the seven-year budget period.

The expected future cash flows covering the period from 2023-2030 have been derived from the Group´s business plan. These cash flows relate to the CGU in its condition when preparing the financial statements and exclude the estimated cash flow that might arise from restructuring plans or other structural changes.

Discount rate (WACC)
Discount rates represents the current market assessment of the risks taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC takes into consideration both debt and equity. The cost of equity is derived from the expected return on investment by the Group´s investors. The cost of debt is derived from borrowings the Group is obliged to service.

The expected future cash flow has been discounted using a WACC of 10.5%.

Growth rate estimates
Average growth rates expected in the budget and normalization period is 4.4% and 2.0% in the terminal period respectively.

The assumptions used in this process represent management´s best estimate for the period under consideration.

The recoverable amount was higher than its carrying amount. Historical profitability and future earning prospects indicate that carrying amount of the goodwill will continue to be recoverable.

Sensitivity analysis
A sensitivity analysis covering key assumptions was performed in connection with the impairment test. The recorded headroom of EUR 37.3 million on carrying value including goodwill for the Group would have been EUR 7.9 million lower, had the applied EBITDA margin decreased by 2%-points compared to managements estimate.

An increase of the applied WACC of 1%-point would have decreased the recorded headroom by EUR 6.0 million. Had Management's estimated growth in the terminal period been 1% rather than the 2% applied, the headroom would have been EUR 4.1 million lower.

The Group constantly monitors the latest government legislation also in relation to climate-related matters. At this time, no legislation has been passed that will impact the Group. The Group will adjust the key assumptions used in value-in-use calculations and sensitivity if changes in assumptions should be required.

Notes – Section 3

Note 3.1 Intangible assets, continued

Significant judgments and accounting estimates
Goodwill is tested for impairment yearly and when indicators of impairment exist. Impairment tests are based on Management's projections and anticipated net present value of estimated future cash flows. Key assumptions, when calculating the future cash flows used, are based on budgets and Management's estimated development for the following five years including estimated revenue growth, EBITDA, working capital, CAPEX, and the discount rate applied (WACC). Assumptions are tested for sensitivity.

Note 3.2 Property, plant and equipment

EUR thousand	Land and buildings	Fixtures and fittings, tools and equipment	Other tangible assets	Total
Carrying amount at January 1, 2022	**5,474**	**1,691**	**15**	**7,180**
of which:				
- historical cost	17,100	2,977	15	20,092
- accumulated depreciation	(11,626)	(1,286)	-	(12,912)
Additions	1,010	860	218	2,088
Additions from acquisitions	780	43	-	823
Depreciation	(654)	(608)	(56)	(1,318)
Impairment	-	-	-	-
Currency translation	(5)	(1)	-	(6)
Carrying amount at December 31, 2022	**6,605**	**1,985**	**177**	**8,767**
of which:				
- historical cost	18,885	3,879	233	22,997
- accumulated depreciation	(12,280)	(1,894)	(56)	(14,230)
Additions	3,251	1,259	500	5,010
Additions from acquisitions	1,137	413	-	1,550
Depreciation	(1,213)	(693)	(291)	(2,197)
Impairment	-	-	-	-
Currency translation	5	2	-	7
Carrying amount at December 31, 2023	**9,785**	**2,966**	**386**	**13,137**
of which:				
- historical cost	23,278	5,553	733	29,564
- accumulated depreciation	(13,493)	(2,587)	(347)	(16,427)

The fair value of PPE at year-end are not considered significantly different from their carrying values.

Notes – Section 3

Note 3.2 Property, plant and equipment, continued

The following tables set forth a breakdown of the right-of-use asset balances include within 'property, plant and equipment':

EUR thousand	Land and buildings	Fixtures and fittings, tools and equipment	Other tangible assets	Total
Carrying amount at January 1, 2022	**26**	**312**	**15**	**353**
Additions	-	419	217	636
Additions from acquisitions	779	-	-	779
Depreciation expense	(104)	(91)	(55)	(250)
Currency translation	(1)	-	-	(1)
Carrying amount at December 31, 2022	**700**	**640**	**177**	**1,517**
Additions	123	459	42	624
Additions from acquisitions	1,137	-	-	1,137
Depreciation and impairment	(536)	(127)	(98)	(761)
Currency translation	1	-	-	1
Carrying amount at December 31, 2023	**1,425**	**972**	**121**	**2,518**

EUR thousand	2023	2022	January 1, 2022
Lease assets			
Cars	121	177	15
Buildings	1,425	700	26
Office equipment	83	27	59
Lab equipment	889	613	253
Carrying amount	**2,518**	**1,517**	**353**

The following are the amounts recognised in the statement of comprehensive income:

EUR thousand	2023	2022
The following are the amounts recognised in profit or loss:		
Depreciation expense of right-of-use assets	761	251
Interest expense on lease liabilities	57	21
Variable lease payments that do not depend on an index or rate	31	9
Total amount recognised in profit or loss	**849**	**281**

Total cash outflows for leases amount to EUR 732 thousand and EUR 257 thousand for the year-ended December 31, 2023 and 2022, respectively.

Notes – Section 3

Note 3.2 Property, plant and equipment, continued

Accounting policies

Property, plant and equipment

Property, plant and equipment comprises land and buildings and other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses. Cost comprises the purchase price any costs directly attributable to the acquisition until the date on which the assets is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

The basis of depreciation is calculated considering the asset's residual value less any impairment losses.

The residual value is determined at the date of acquisition and reassessed annually. When the residual value exceeds the carrying amount of the assets, depreciation is discontinued. If the depreciation period or the residual value is changed, the changes are accounted for as accounting estimates, and the effect on depreciation is recognised prospectively.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Land and Buildings	20-30 years
Fixtures and fittings, tools and equipment	3-10 years
Other tangible assets (Cars)	3-5 years

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price and the carrying amount at the date of disposal and they are recognised in the consolidated statement of comprehensive income as other income or other operating expenses in the period of disposal.

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

No impairment indicators identified as of December 31, 2023.

Right-of-use assets

Leases are "right-of-use assets", which is a contract or part of a contract that conveys the lessee's right of use an asset for a period of time. Lease assets are initially measured as the present value of future fixed lease payments, as well as upfront payments and other initial direct costs incurred, less any lease incentives received. If, on the inception of the lease, it is reasonably certain that an extension or purchase option will be exercised, future lease payments will be included.

Lease assets are depreciated using the straight-line method over the lease term.

Lease terms of the following leased assets:

Building	5-10 years
Cars	3-5 years
Office equipment	3-5 years
Lab equipment	3-5 years
Machinery	3-5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The Group did not apply the practical expedient on short-term leases and leases of low value assets, for which right-of-use and lease liability have been recognized.

Lease assets are tested when there is an indication of impairment.

Notes – Section 3

Note 3.3 Other current and non-current assets

EUR thousand	2023	2022	January 1, 2022
Other non-current assets			
Deposit	-	228	-
Total	**-**	**228**	**-**
Other current assets			
Prepayments, assets	555	254	104
Other receivables	116	11	-
Total	**671**	**265**	**104**

Note 3.4 Inventories

EUR thousand	2023	2022	January 1, 2022
Inventory			
Raw materials and consumables	390	317	191
Total	**390**	**317**	**191**

Accounting Policies

Costs are assigned to individual items of inventory on the basis of first-in, first-out (FIFO) and they are determined after deducting rebates and discounts. Net realizable value is the estimating selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

No inventory write-down reserve as of January 1, 2022, respectively, as well as no amounts recognized as expenses for inventories for the year-ended 2023 and 2022.

Notes – Section 3

Note 3.5 Trade Receivables

EUR thousand	2023	2022	January 1, 2022
Trade receivables			
Gross amount of trade receivables	3,959	2,841	3,192
Allowance for expected credit loss	(152)	(30)	(13)
Total	**3,807**	**2,811**	**3,179**

EUR thousand	2023	2022
Changes in allowances for trade receivables		
Allowances at January 1	(30)	(13)
Additions	(115)	-
Additions from acquisitions	(7)	(19)
Reversals	-	2
Allowances at December 31	**(152)**	**(30)**

The acquisition of subsidiaries (business combinations note 5.1) resulted in increase in trade receivables of EUR 464 thousand in 2023 (2022: EUR 778 thousand). Provision for expected credit losses on trade receivables is considered immaterial.

Accounting policies

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

Trade receivables held by Scantox with the purpose of collecting contractual cashflows are recognized initially at fair value and subsequently measured at amortized cost less allowances for lifetime expected credit losses. The Group has limited exposure to credit risk for which the cost of allowances for expected credit losses are included in other operating expenses.

Note 3.6 Other current and non-current liabilities

EUR thousand	2023	2022	January 1, 2022
Other non-current liabilities			
Other debt, long	753	800	1,062
Total	**753**	**800**	**1,062**
Other current liabilities			
Contingent consideration (earn out)	617	753	-
VAT	306	307	249
Other debt	2,289	1,855	1,599
Total	**3,212**	**2,915**	**1,848**

Contingent consideration classified is measured at fair value (Level 3) with the changes in fair value recognised through the statement of comprehensive income - finance costs in accordance with IFRS 9.

Please refer to Note 5.1 Business combinations for the description of the valuation technique and the inputs used in the measurement.

Notes – Section 3

Note 3.7 Commitments and contingencies

The following set forth a breakdown of contractual obligations, contingencies, and pledges:

- Security for mortgage debt has been put up as security in buildings (DKK 34,200 thousand equivalent to EUR 4,589 and EUR 4,599 as of December 31, 2023 and 2022, respectively).
- Negative pledge comprising movables, unsecured claims (DKK 15,000 thousand, equivalent to EUR 2,013 and 2,017 as of December 31, 2023 and 2022, respectively).

The Group is not exposed to legal claim contingencies.

Notes – Section 4

Note 4.1 Share capital and capital management

Number of shares	2023	2022
Share capital at January 1	506,462	40,000
Capital Increase	5,443	466,462
Share capital at December 31	**511,905**	**506,462**

Scantox's share capital has a nominal value of DKK 511,905 (equivalent to EUR 69 thousand) divided into 511,905 shares of DKK 1 each. The share capital is fully paid.

Share premium
Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

EUR thousand	2023	2022	January 1, 2022
Capital Management			
Borrowings	14,340	5,776	4,452
Trade and other payables	5,942	5,272	3,618
Less: cash and cash equivalents	(1,041)	(2,660)	(2,572)
Net debt	**19,241**	**8,388**	**5,498**

EUR thousand	2023	2022	January 1, 2022
Equity	5,679	4,072	4,514
Total Capital	5,679	4,072	4,514
Capital and net debt	**24,920**	**12,460**	**10,012**
Gearing Ratio	77%	67%	55%

Capital Management
Scantox's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital structure of Scantox consists of net debt (short-term and long-term borrowings after deducting cash and cash equivalents) and equity (issued capital, reserves, retained earnings). Scantox manages its capital structure and adjusts in light of changes in economic conditions. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash at bank.

Notes – Section 4

Note 4.2 Financial risk management, financial assets and financial liabilities

Financial risks
The Group is exposed to interest rate risk, foreign currency risk, liquidity risk, and credit risk that affect its earnings. Group Management oversees the management of these risks, including overseeing that the Group's financial risk activities are governed by the policies and procedures outlined by Management and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees on policies for managing each of these risks.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates is limited due to the current facility structure.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of variations in foreign currency rates. Currency exposure is mainly managed by having revenue and expenses in the same currency.

Credit risk
Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. The Group has limited exposure to credit risk and there is no significant concentration of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

Liquidity risk
The Group's objective is to maintain a balance between funding continuity and flexibility through the use of bank overdrafts, bank loans and lease contracts. The Management assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	Contractual cash flows			
EUR thousand	**Within 12 months**	**From 1 to 5 year**	**More than 5 year**	**Carrying amount**
January 1, 2022				
Bank Borrowings	271	1,093	2,540	3,800
Lease Liabilities	143	494	56	652
Trade payables	708	-	-	708
Other payables	2,363	-	-	2,363
Total financial liabilities	**3,485**	**1,587**	**2,596**	**7,523**
December 31, 2022				
Bank Borrowings	845	1,099	2,270	4,090
Lease Liabilities	616	1,171	-	1,686
Trade payables	1,557	-	-	1,557
Other payables	5,025	-	-	5,010
Total financial liabilities	**8,043**	**2,270**	**2,270**	**12,343**
December 31, 2023				
Bank Borrowings	7,324	2,215	5,292	11,721
Lease Liabilities	863	1,802	-	2,619
Trade payables	1,977	-	-	1,977
Other payables	2,550	-	-	2,538
Total financial liabilities	**12,714**	**4,017**	**5,292**	**18,855**

Notes – Section 4

Note 4.2 Financial risk management, financial assets and financial liabilities, continued

Financial assets and liabilities

EUR thousand	2023	2022	January 1, 2022
Description			
Trade receivables	3,807	2,811	3,179
Contract assets	1,531	1,027	280
Cash and cash equivalents	1,041	2,660	2,572
Financial assets measured at amortised cost	**6,379**	**6,498**	**6,031**
Earn-out measured at fair value through profit and loss	614	784	-
Financial liabilities measured at fair value through profit and loss	**614**	**784**	**-**
Bank Borrowings	11,721	4,090	3,800
Lease liabilities	2,619	1,686	652
Trade payables	1,977	1,557	708
Contract liabilities	1,921	4,257	2,363
Financial liabilities measured at amortised cost	**18,238**	**11,590**	**7,523**

Accounting policies

Financial assets
A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

Initial recognition and measurement
Financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attribute able to the acquisition of the financial asset.

Financial assets are subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Scantox´s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Notes – Section 4

Note 4.2 Financial risk management, financial assets and financial liabilities, continued

Financial asset at amortized cost
Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Scantox's financial assets at amortized cost mainly include trade and other receivables.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities
Financial liabilities are recognized at fair value and subsequently measured at amortized cost using the effective interest rate method, while contingent consideration resulting from business combinations has been subsequently remeasured at fair value at each reporting date.

The lease liability is measured at the present value of the remaining lease payments at the reporting date, discounted using the incremental borrowing rate ('IBR') for similar assets. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

Notes – Section 4

Note 4.3 Change in liabilities arising from financing activities

EUR thousand	January 1, 2023	Cash flows	Foreign exchange movement	New leases	Additions from acquisitions	Others	December 31, 2023
Lease liabilities	1,686	(886)	1	624	1,137	57	2,619
Bank borrowings	4,090	7,585	4	-	42	-	11,721
Total	**5,776**	**6,699**	**5**	**624**	**1,179**	**57**	**14,340**

EUR thousand	January 1, 2022	Cash flows	Foreign exchange movement	New leases	Additions from acquisitions	Others	December 31, 2022
Lease liabilities	652	(389)	(1)	636	779	9	1,686
Bank borrowings	3,800	(351)	(6)	-	76	571	4,090
Total	**4,452**	**(740)**	**(7)**	**636**	**855**	**580**	**5,776**

Notes – Section 5

Note 5.1 Business combinations

This sections summarizes the business combinations that occurred in 2023 and 2022.

2023
Acquisition of Q&Q Labs AB
On August 31, 2023, the Group acquired 100% of the voting shares of Q&Q Labs AB, a pre-clinical Contract Research Organisation ("CRO") that offers tailor-made services within organic analytical chemistry. The Group acquired this business to enlarge the range of services and bring highly complementary service offerings to Scantox's stronghold in pharmacology and regulatory toxicology.

The fair value of the identifiable assets and liabilities of Q&Q Labs AB as at the date of acquisition were:

EUR thousand	FV recognised on acquisition
Description	
Intangible assets	472
Property, plant and equipment	465
Trade receivables	126
Other receivables	83
Cash and cash equivalents	175
Borrowings	(199)
Deferred tax liabilities	(99)
Provisions	(216)
Trade payables	(16)
Other liabilities	(67)
Total identifiable net assets fair value	**724**
Goodwill arising on acquisition	1,290
Purchase consideration transferred	**2,014**
Analysis of cash flows on acquisition	
Consideration paid	2,014
Net cash acquired with the subsidiary (included in cash flow from investing activities)	(175)
Net cash flow on acquisition	**1,839**

Notes – Section 5

Note 5.1 Business combinations, continued

The fair value of the trade receivables amounts to EUR 126 thousand. The gross amount of trade receivables is EUR 126 thousand and it is expected that the full contractual amounts can be collected.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities.

The goodwill of EUR 1,290 thousand comprises the value of expected synergies arising from the acquisition. Goodwill is allocated entirely to the aggregated level, as Scantox is considered one cash-generating unit. None of the goodwill recognized is expected to be deductible for income tax purposes.

From the date of acquisition, Q&Q Labs AB contributed EUR 548 thousand of revenue and a loss of EUR 245 thousand to profit before tax of the Group.

On a pro forma basis, if the acquisition had taken place at the beginning of the year, the impact would have been EUR 2,086 thousand to revenue and a loss of EUR 352 to profit before tax for the Group.

Transaction costs of EUR 149 thousand were expensed and are included in special items.

Notes – Section 5

Note 5.1 Business combinations, continued

Acquisition of Solural Pharma ApS
On November 20, 2023, the Group acquired 100% of the voting shares of Solural Pharma ApS, a company based in Ballerup, specialising in developing new oral formulations, from concept idea until clinical proof of concept. The Group acquired this business to enlarge the range of services and bring highly complementary service offerings to Scantox's stronghold in pharmacology and regulatory toxicology.

The fair value of the identifiable assets and liabilities of Solural Pharma ApS as at the date of acquisition were:

EUR thousand	FV recognised on acquisition
Description	
Intangible assets	607
Property, plant and equipment	1,085
Deferred tax assets	7
Other non-current assets	26
Inventories	89
Trade receivables	338
Cash and cash equivalents	693
Borrowings	(980)
Deferred tax liabilities	(133)
Trade payables	(2)
Other liabilities	(283)
Total identifiable net assets fair value	**1,447**
Goodwill arising on acquisition	1,876
Purchase consideration transferred	**3,323**
Purchase consideration	
Cash paid	2,709
Contingent consideration liability	614
Total consideration	**3,323**
Analysis of cash flows on acquisition	
Consideration paid	2,709
Net cash acquired with the subsidiary (included in cash flow from investing activities)	(693)
Net cash flow on acquisitioin	**2,016**

Notes – Section 5

Note 5.1 Business combinations, continued

The fair value of the trade receivables amounts to EUR 338 thousand. The gross amount of trade receivables is EUR 338 thousand and it is expected that the full contractual amounts can be collected.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition.The right-of-use assets were measured at an amount equal to the lease liabilities.

The goodwill of EUR 1,876 thousand comprises the value of expected synergies arising from the acquisition. Goodwill is allocated entirely to the aggregated level, as Scantox is considered one cash-generating unit. None of the goodwill recognized is expected to be deductible for income tax purposes.

From the date of acquisition, Solural Pharma ApS contributed EUR 333 thousand of revenue and a loss of EUR 57 thousand to profit before tax from continuing operations of the Group.

On a pro forma basis, if the acquisition had taken place at the beginning of the year, the impact would have been EUR 2,211 thousand to revenue and EUR 170 to profit before tax for the Group.

Transaction costs of EUR 149 thousand were expensed and are included in special items.

Contingent consideration
As part of the purchase agreement with the previous owner of Solural Pharma ApS, a contingent consideration has been agreed. The earn-out is based on a linear outcome of Solural's revenue for FY2023 in the range DKK 13 million to DKK 15 million. If Solural achieves revenues of DKK 15 million for FY2023, an earn-out amount of DKK 5 million is payable.

As at the acquisition date, the fair value of the contingent consideration was estimated to be EUR 614 thousand. The fair value of the contingent consideration determined at 31 December 2023 using a DCF method (Level 3).

Notes – Section 5

Note 5.1 Business combinations, continued

2022

Acquisition of Timeline Biosearch AB

On August 31, 2022, the Group acquired 100% of the voting shares of Timeline Biosearch AB, a company based in Sweden, specialising in pre-clinical CRO and conducts in vivo studies including PK and efficacy studies in a variety of animal models, e.g. transgenic and non-transgenic rodents, as well as larger animal models. The Group acquired this business to enlarge the range of services and bring highly complementary service offerings to Scantox's stronghold in pharmacology and regulatory toxicology.

The fair value of the identifiable assets and liabilities of Timeline Biosearch AB as at the date of acquisition were:

EUR tousand	FV recognised on acquisition
Description	
Intangible assets	1,098
Property, plant and equipment	419
Inventories	113
Trade receivables	505
Other receivables	24
Cash and cash equivalents	616
Borrowings	(470)
Deferred tax liabilities	(230)
Trade payables	(54)
Other payables	(137)
Total identifiable net assets fair value	**1,884**
Goodwill arising on acquisition	428
Purchase consideration transferred	**2,312**
Purchase consideration	
Cash paid	1,714
Contingent consideration liability	598
Total consideration	**2,312**
Analysis of cash flows on acquisition	
Consideration paid	1,714
Net cash acquired with the subsidiary (included in cash flow from investing activities)	(616)
Net cash flow on acquisition	**1,098**

Notes – Section 5

Note 5.1 Business combinations, continued

The fair value of the trade receivables amounts to EUR 505 thousand. The gross amount of trade receivables is EUR 505 thousand and it is expected that the full contractual amounts can be collected.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities.

The goodwill of EUR 428 thousand comprises the value of expected synergies arising from the acquisition. Goodwill is allocated entirely to the aggregated level, as Scantox is considered one cash-generating unit. None of the goodwill recognized is expected to be deductible for income tax purposes.

From the date of acquisition, Timeline Biosearch AB contributed EUR 708 thousand of revenue and a loss of EUR 200 thousand to profit before tax from continuing operations of the Group.

On a pro forma basis, if the acquisition had taken place at the beginning of the year, the impact would have been EUR 1,722 thousand to revenue and EUR 183 thousand to profit before tax for the Group.

Transaction costs of EUR 44 thousand were expensed and are included in special items.

Contingent consideration
As part of the purchase agreement with the previous owner of Timeline Biosearch AB, a contingent consideration has been agreed. The earn-out was based on Timeline Biosearch AB's expected cash flow from operations realized in the period of audited financial year 2023 (1 May 2022 – 30 April 2023)

As at the acquisition date, the fair value of the contingent consideration was estimated to be EUR 598 thousand. The fair value of the contingent consideration determined at 31 December 2023 using a DCF method (Level 3).

Notes – Section 5

Note 5.1 Business combinations, continued

Acquisition of Adlego Biomedical AB
On August 31, 2022, the Group acquired 100% of the voting shares of Adlego Biomedical AB, a company based in Sweden, specializing in PK, MTD and GLP tox characterization of new drug candidates, and provides a wide range of efficacy studies on drugs within e.g. oncology and infectious diseases and with access to cutting-edge research facilities. The Group acquired this business to enlarge the range of services and bring highly complementary service offerings to Scantox's stronghold in pharmacology and regulatory toxicology.

The fair value of the identifiable assets and liabilities of Adlego Biomedical AB as at the date of acquisition were:

EUR thousand	FV recognised on acquisition
Description	
Intangible assets	235
Property, plant and equipment	404
Inventories	116
Trade receivables	273
Cash and cash equivalents	802
Borrowings	(385)
Deferred tax liabilities	(48)
Trade payables	(296)
Other payables	(513)
Total identifiable net assets fair value	**588**
Goodwill arising on acquisition	535
Purchase consideration transferred	**1,123**
Purchase consideration	
Cash paid	937
Contingent consideration liability	186
Total consideration	**1,123**
Analysis of cash flows on acquisition	
Consideration paid	937
Net cash acquired with the subsidiary (included in cash flow from investing activities)	(802)
Net cash flow on acquisition	**135**

Notes – Section 5

Note 5.1 Business combinations, continued

The fair value of the trade receivables amounts to EUR 273 thousand. The gross amount of trade receivables is EUR 273 thousand and it is expected that the full contractual amounts can be collected.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities.

The goodwill of EUR 535 thousand comprises the value of expected synergies arising from the acquisition. Goodwill is allocated entirely to the aggregated level, as Scantox is considered one cash-generating unit. None of the goodwill recognized is expected to be deductible for income tax purposes.

From the date of acquisition, Adlego Biomedical AB contributed EUR 222 thousand of revenue and a loss of EUR 225 thousand to profit before tax from continuing operations of the Group.

On a pro forma basis, if the acquisition had taken place at the beginning of the year, the impact would have been EUR 1,336 thousand to revenue and a loss of EUR 48 thousand to profit before tax for the Group.

Transaction costs of EUR 44 thousand were expensed and are included in special items.

Contingent consideration

As part of the purchase agreement with the previous owner of Adlego Biomedical AB, a contingent consideration has been agreed. The earn-out was based on Adlego Biomedical AB's expected cash flow from operations realized in the period of its audited financial year 2022 (January 1, 2022 - December 31, 2022).

As at the acquisition date, the fair value of the contingent consideration was estimated to be EUR 186 thousand. The fair value of the contingent consideration determined at 31 December 2023 using a DCF method (Level 3).

Accounting policies

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in the operating expenses (special items).

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Notes – Section 5

Note 5.1 Business combinations, continued

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Significant judgments and accounting estimates

The most significant assets acquired generally comprise goodwill and customer relationships. No active market exists for the majority of the acquired assets and liabilities, in particular in respect of acquired intangible assets. Accordingly, Management makes estimates of the fair value of acquired assets, liabilities, and contingent liabilities. Depending on the nature of the item, the determined fair value of an item may be associated with uncertainty and possibly adjusted subsequently.

The fair value of customer contracts acquired in business combinations is based on an evaluation of the conditions relating to the acquired portfolio and related customer relations. Measurement is based on a discounted cash flow model on key assumptions about the estimated split of the acquired and expected revenue, the related churn rates and the expected profitability of the revenue at the time of the acquisition.

Notes – Section 5

Note 5.2 Related parties

Related parties are defined as parties with control or significant influence, including Group companies.

The Impilo No 9 AB, based in Holländargatan 20, 4 Tr 111 60, Stockholm, Stockholm Sweden, is the ultimate parent of Scantox Holding ApS.

Impilo No 9 AB holds the majority of the share capital in the Company.

Other related parties include members of Board of Directors together with immediate families.

For compensation of key management personnel of the Group please refer to note 2.3.

There were no significant transactions with related parties, including members of the Board of Directors or other key management personnel other than payment of remuneration.

Group information

Below table provides information about the Group's structure, including details of the subsidiaries and the holding company. Scantox Holding ApS directly or indirectly owns the entire share capital in all subsidiaries with an ownership percentage of 100%.

Subsidiaries

Name	Registered office	Consolidated ownership
Scantox Denmark ApS	Lille Skensved, Denmark	100%
Scantox A/S	Lille Skensved, Denmark	100%
Scantox Lund (formerly Timeline Bioresearch AB)	Lund, Sweden	100%
Scantox Solna (formerly Adlego Biomedical AB)	Solna, Sweden	100%
Scantox Gothenburg (formerly Q&Q Labs AB)	Gothenburg, Sweden	100%
Scantox Ballerup (formerly Solural Pharma ApS)	Ballerup, Denmark	100%
Scantox Inc.	Lille Skensved, Denmark	100%
Onasa Beteiligungsverwaltungs GmbH	Vienna, Austria	100%

Notes – Section 5

Note 5.3 Events after the balance sheet date

In March 2024, the Group acquired 100% of the voting shares of QPS Austria GmbH (QPS), a company based in Austria, specializing in the field of drug discovery, with a focus on neurogenerative conditions, rare diseases, and mental disorders.

The initial accounting for the business combinations is not yet completed and the assessment of acquisition date fair value is still ongoing. However, the preliminary fair value of the identifiable assets and liabilities of QPS as at the date of acquisition were:

EUR thousand	**Preliminary Fair value recognised on acquisition (unaudited)**
Description	
Intangible assets	33.9
Property, plant and equipment	3.2
Deferred tax assets	0.2
Inventories	0.7
Trade receivables	0.9
Other current assets	2.9
Deferred tax liabilities	(7.8)
Provisions	(0.1)
Income tax payables	(0.4)
Trade payables and other payables	(6.1)
Total identifiable net assets fair value	**27.4**
Goodwill arising on acquisition	57.3
Purchase consideration transferred	**84.7**

The preliminary fair value of the trade receivables amounts to EUR 0.9 million.

The preliminary goodwill of EUR 57.3 million primarily relates to the skilled workforce and the value of the future new customer relationship.

No other events after the balance sheet date that could have a significant impact on the consolidated financial statements have occurred subsequent to December 31, 2023.

Notes – Section 5

Note 5.4 Transition to IFRS

In preparing the financial statements, the Group's opening statement of financial position was prepared as at January 1, 2022, the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its Local GAAP financial statements, including the statement of financial position as at January 1, 2022 and the financial statements as of, and for, the year ended December 31, 2022.

Set out below are applicable IFRS 1 exemptions and exceptions applied in the conversion from Danish GAAP to IFRS (FTA January 1, 2022).

IFRS mandatory exceptions

Estimates

IFRS estimates as of January 1, 2022 are consistent with the estimates as of the same date made in conformity with Danish GAAP.

IFRS optional exemptions

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

The Group has applied the following exemptions:

- Leases: Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at January 1, 2022. Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before January 1, 2022. The lease payments associated with leases for which the lease term ends within 12 months of the date of transition to IFRS and leases for which the underlying asset is of low value have been also recognised as right-of-use assets and liabilities.
- Cumulative currency translation differences for all foreign operations are deemed to be zero as at January 1, 2022

Reconciliation of Danish GAAP to IFRS

IFRS 1 require adopters to reconcile equity and other comprehensive income for prior periods. The following tables represent the reconciliation from Danish GAAP to IFRS for the respective periods noted for equity, earnings and comprehensive income.

Cash flow statement

Cash and cash equivalents are not impacted by the IFRS transition and the cash flow statement under IFRS is substantially in line with the information presented under Danish GAAP, except for certain reclassifications of the statement of financial position (as presented below) and the cash flow arising from payments of principal portion of the lease liabilities classified as financing activities.

Notes – Section 5

Note 5.4 Transition to IFRS, continued

Reconciliation of balance sheet as of January 1, 2022

EUR thousand	Note	Local GAAP	Reclassifi-cations	Adjustments	IFRS
ASSETS					
Non-current assets					
Other intangible assets		38	-	-	38
Property, plant and equipment	b)	6,827	-	353	7,180
Deferred tax assets	b)	1,401	(78)	80	1,403
Other non-current assets		-	-	-	-
Total non-current assets		**8,266**	**(78)**	**433**	**8,621**
Current assets					
Inventories		191	-	-	191
Trade receivables	c)	3,192	-	(13)	3,179
Contract assets		280	-	-	280
Other current assets		104	-	-	104
Cash and cash equivalents		2,572	-	-	2,572
Total current assets		**6,339**	**-**	**(13)**	**6,326**
TOTAL ASSETS		**14,605**	**(78)**	**420**	**14,947**

EUR thousand	Note	Local GAAP	Reclassifi-cations	Adjustments	IFRS
EQUITY AND LIABILITIES					
Equity					
Share capital		67	-	-	67
Other reserves	c)	-	-	(10)	(10)
Retained earnings		4,457	-	-	4,457
Total equity		**4,524**	**-**	**(10)**	**4,514**
Non-current liabilities					
Non-current borrowings	b)	3,742	-	306	4,048
Deferred tax liabilities	b)	-	(78)	78	-
Other non-current liabilities		1,062	-	-	1,062
Total non-current liabilities		**4,804**	**(78)**	**384**	**5,110**
Current liabilities					
Current borrowings	b)	358	-	46	404
Contract liabilities		2,363	-	-	2,363
Trade payables		708	-	-	708
Other current liabilities		1,848	-	-	1,848
Total current liabilities		**5,277**	**-**	**46**	**5,323**
Total liabilities		**10,081**	**(78)**	**430**	**10,433**
TOTAL EQUITY AND LIABILITIES		**14,605**	**(78)**	**420**	**14,947**

Notes – Section 5

Note 5.4 Transition to IFRS, continued

Reconciliation of balance sheet as of December 31, 2022

EUR thousand	Note	Local GAAP	Reclassifi-cations	Adjustments	IFRS
ASSETS					
Non-current assets					
Goodwill	a)	989	-	(52)	937
Other intangible assets		1,287	-	-	1,287
Property, plant and equipment	b)	7,493	-	1,274	8,767
Deferred tax assets	c) b)	1,341	(268)	269	1,342
Other non-current assets		228	-	-	228
Total non-current assets		**11,338**	**(268)**	**1,491**	**12,561**
Current assets					
Inventories		317	-	-	317
Trade receivables	c)	2,823	-	(12)	2,811
Contract assets		1,027	-	-	1,027
Other current assets		265	-	-	265
Cash and cash equivalents		2,660	-	-	2,660
Total current assets		**7,092**	**-**	**(12)**	**7,080**
TOTAL ASSETS		**18,430**	**(268)**	**1,479**	**19,641**

EUR thousand	Note	Local GAAP	Reclassifi-cations	Adjustments	IFRS
EQUITY AND LIABILITIES					
Equity					
Share capital		68	-	-	68
Other reserves	a) c)	(108)	-	(10)	(118)
Retained earnings	a) b) c) d)	4,167	-	(45)	4,122
Total equity		**4,127**	**-**	**(55)**	**4,072**
Non-current liabilities					
Non-current borrowings	b)	3,577	-	775	4,352
Deferred tax liabilities		257	(268)	268	257
Provisions	d)	753	(753)	-	-
Other non-current liabilities		800	-	-	800
Total non-current liabilities		**5,387**	**(1,021)**	**1,043**	**5,409**
Current liabilities					
Current borrowings	b)	933	-	491	1,424
Contract liabilities		4,257	-	-	4,257
Trade payables		1,557	-	-	1,557
Income tax payables		7	-	-	7
Other current liabilities	d)	2,162	753	-	2,915
Total current liabilities		**8,916**	**753**	**491**	**10,160**
Total liabilities		**14,303**	**(268)**	**1,534**	**15,569**
TOTAL EQUITY AND LIABILITIES		**18,430**	**(268)**	**1,479**	**19,641**

Notes – Section 5

Note 5.4 Transition to IFRS, continued

Reconciliation of the statement of comprehensive income for the year-ended December 31, 2022

EUR thousand	Note	Local GAAP	Reclassifi-cations	Adjustments	IFRS
Revenue		18,222	-	-	18,222
Raw materials and consumables	d)	(3,790)	(107)	-	(3,897)
Personnel costs	d)	(10,036)	1,034	-	(9,002)
Other operating expenses	b) c) d)	(3,587)	525	209	(2,853)
EBITDA before special items		**809**	**1,452**	**209**	**2,470**
Special items	d)	-	(1,452)	-	(1,452)
Amortization, depreciation and impairment	a) b)	(1,214)	-	(232)	(1,446)
EBIT		**(405)**	**-**	**(23)**	**(428)**
Finance income		100	-	-	100
Finance costs	b)	(101)	-	(22)	(123)
Profit before income tax		**(406)**	**-**	**(45)**	**(451)**
Income taxes	c) b)	(17)	-	-	(17)
Income/(loss) for the year		**(423)**	**-**	**(45)**	**(468)**

EUR thousand	Note	Local GAAP	Reclassifi-cations	Adjustments	IFRS
Other comprehensive income that maybe reclas-sified to profit or loss in subsequent periods					
Exchange differences on translation of foreign operations		-	-	(108)	(108)
Other comprehensive income / (loss) that will not be reclassified to profit or loss in subsequent periods		-	-	-	-
Other comprehensive income / (loss) for the year		-	-	(108)	(108)
Total comprehensive income / loss for the year		**(423)**	**-**	**(153)**	**(576)**
The income/(loss) for the year is attributable to:					
Owners of Scantox Holding ApS		(423)	-	(45)	(468)
The total comprehensive income/(loss) for the year is attributable to:					
Owners of Scantox Holding ApS		(423)	-	(153)	(576)

Notes – Section 5

Note 5.4 Transition to IFRS, continued

Reconciliation of income / (loss) for the year-ended December 31, 2022

EUR thousand	Note	Year-ended December 31, 2022
Total income / (loss) in accordance with Danish GAAP		**(423)**
Goodwill amortization – reversal	a)	35
Lease	b)	6
Expected credit loss	c)	1
Other		(87)
Total income / (loss) in accordance with IFRS		**(468)**

Reconciliation of equity as of January 1, 2022

EUR thousand	Note	As of December 31, 2022	As of January 1, 2022
Total equity in accordance with Danish GAAP		**4,127**	**4,524**
Goodwill amortization – reversal	a)	35	-
Lease	b)	6	-
Expected credit loss	c)	(9)	(10)
Other		(87)	-
Total equity in accordance with IFRS		**4,072**	**4,514**

Explanatory notes to the IFRS transition

a) Goodwill amortization – reversal
- As of the Transition date, increase in Equity amounts to nil;
- As of December 31, 2022, the increase in Equity amounts to EUR 35 thousand; and
- For the year-ended December 31, 2022, the decrease in Amortization, Depreciation and impairment amount to EUR 35 thousand.

b) Lease
- As of the Transition date, no changes in Equity, as Scantox measured the right-of-use assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized in the statement of financial position immediately before the Transition Date;
- As of December 31, 2022, the increase in Equity amounts to EUR 7 thousand before the income tax effect of EUR 1 thousand; and
- For the year-ended December 31, 2022, the increase in net profit for the year amounts to EUR 6 thousand, mainly attributable to the combined effect of the following:
  (a) increase in Amortization, Depreciation and impairment amounting to EUR 267 thousand.
  (b) increase in Finance cost amounting to EUR 22 thousand.
  (c) decrease in Other operating expenses amounting to EUR 295 thousand.

c) Expected credit loss
- As of the Transition date, decrease in Equity amounts to EUR 10 thousand;
- As of December 31, 2022, the decrease in Equity amounts to EUR 9 thousand; and
- For the year-ended December 31, 2022, the decrease in other operating expenses amounts to EUR 1 thousand.

d) Reclassifications
The adoption of IFRS has required certain reclassifications that have had no effect on either the consolidated result for the year or consolidated equity. Such reclassifications mainly relate to:
- the net presentation of deferred tax assets and liabilities, if a legal right to offset exists and they are due to the same tax authority;
- the separate classification of current income tax payables and receivables respect of other indirect taxes, classified in other current assets and liabilities for IFRS purposes; and
- Contingent consideration (earn-out) reclassification from provisions to other current liabilities.

Financial Statements Parent Company

Statement of Comprehensive Income

Year ended December 31

EUR thousand	Note	2023	2022
Other operating expenses	2.1	(80)	(42)
Net financial expenses	2.2	(6)	(1)
Loss before income tax		**(86)**	**(43)**
Income taxes	2.3	22	9
Loss for the year		**(64)**	**(34)**
Other comprehensive income that may be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		(11)	-
Other comprehensive income / (loss) that will not be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income / (loss) for the year		**(75)**	**(34)**
Total comprehensive income / loss for the year		**(75)**	**(34)**

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

EUR thousand	Note	As of December 31, 2023	2022	As of January 1, 2022
ASSETS				
Non-current assets				
Investment in group companies	3.1	5,025	5,037	5,037
Deferred tax assets	2.3	31	9	-
Total non-current assets		**5,056**	**5,046**	**5,037**
Current assets				
Cash and cash equivalents		7	92	-
Receivables from group entities		447	-	-
Total current assets		**454**	**92**	**-**
TOTAL ASSETS		**5,510**	**5,138**	**5,037**

EUR thousand	Note	As of December 31, 2023	2022	As of January 1, 2022
EQUITY AND LIABILITIES				
Equity				
Share capital		69	68	67
Retained earnings	4.1	4,975	5,039	4,940
Other reserves		421	-	-
Total equity		**5,465**	**5,107**	**5,007**
Payables		45	31	30
Total current liabilities		**45**	**31**	**30**
Total liabilities		**45**	**31**	**30**
Total equity and liabilities		**5,510**	**5,138**	**5,037**

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Cash Flow Statement

Year ended December 31

EUR thousand	Note	2023	2022
Loss before income tax		(86)	(43)
Net finance costs	2.2	6	1
Change in other assets and liabilities		(438)	-
Net cash flow from operating activities		**(518)**	**(42)**
Net cash flow used in investing activities		**-**	**-**
Proceeds from issues of shares	4.1	433	202
Purchase of own shares		-	(68)
Net cash flows from / (used in) financing activities		**433**	**134**
Net increase in cash and cash equivalents		(85)	92
Cash and cash equivalent at 1 January		92	-
Cash and cash equivalent at 31 December		**7**	**92**

The above cash flow statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

EUR thousand	Note	Share Capital	Share premium	Foreign currency translation reserve	Retained earnings	Total equity
Equity at January 1, 2022		**67**	**-**	**-**	**4,940**	**5,007**
Income / (Loss) for the year		-	-	-	(34)	(34)
Other comprehensive income / (Loss) for the year		-	-	-	-	-
Total Comprehensive income / (Loss) for the year		**67**	**-**	**-**	**4,906**	**4,973**
Capital Increase	4.1	1	-	-	201	202
Purchase of own shares		-	(68)	-	-	(68)
Transfer from share premium		-	68	-	(68)	-
Equity at December 31, 2022		**68**	**-**	**-**	**5,039**	**5,107**
Income / (Loss) for the year		-	-	-	(64)	(64)
Other comprehensive income / (Loss) for the year		-	-	(11)	-	(11)
Total Comprehensive income / (Loss) for the year		**68**	**-**	**(11)**	**4,975**	**5,032**
Capital Increase	4.1	1	432	-	-	433
Equity at December 31, 2023		**69**	**432**	**(11)**	**4,975**	**5,465**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the Parent Company Financial Statements

Notes

Notes

Note 1.1 Basis of preparation

The parent company financial statements of Scantox Holding ApS ('Parent Company') have been prepared in accordance with International Financial Reporting Standards (IFRS®) as adopted by the EU and additional requirements of the Danish Financial Statements Act applying to small reporting class B entities.

For periods up to and including the year ended December 31, 2022, the Parent Company prepared its financial statements in accordance with the Danish Financial Act ('Danish GAAP'). These financial statements for the year ended December 31, 2023 are the first the Parent Company prepared in accordance with IFRS as adopted by EU. Refer to note 4.5. for information on how Scantox Holding ApS adopted IFRS.

Note 1.2 Accounting policies

The accounting policies applied by the Parent Company are the same as apply to the Scantox Group, see the notes to the consolidated financial statements, with the exception of the following:

Investments in group companies
The accounting policies for investments in group companies and related transactions are presented in note 3.1.

Note 1.3 Significant accounting estimates and judgments

In preparing the parent company financial statements, Management makes various accounting estimates and assumptions that form the basis of the recognition and measurement of the Parent Company's assets and liabilities.

In applying the accounting policies, Management makes judgements that may significantly influence the amounts recognized in the financial statements. The key accounting estimates and judgements for the Scantox Group are presented in the notes to the consolidated financial statements. Furthermore, management considers the key accounting estimates and judgements used in the preparation of the Parent company financial statements in particular referring to the carrying amount of investments in group companies.

Assumptions about the future and estimation uncertainty at the balance sheet date are described in the notes where there is a significant risk of changes that could result in material adjustments to the carrying amount of assets or liabilities within the next financial year.

Notes

Note 2.1 Other operating expenses

EUR thousand	2023	2022
Other Operating Expenses		
Consultants and IT services	53	42
Insurance	3	-
Other operating expenses	24	-
Total	**80**	**42**

Note 2.2 Finance costs

EUR thousand	2023	2022
Financial income		
Foreign exchange rate differences	3	-
Total financial income	**3**	**-**
Financial expenses		
Other financial expenses	(9)	(1)
Total financial expenses	**(9)**	**(1)**
Net financial expenses	**(6)**	**(1)**

Note 2.3 Income taxes and deferred tax

EUR thousand	2023	2022
Income taxes		
Deferred tax for the year	(19)	(9)
Prior year adjustment	(3)	-
Total	**(22)**	**(9)**

EUR thousand	2023	2022
Theoretical income taxes at the Company tax rate of 22%	(19)	(9)
Prior year adjustments	(3)	-
Effective tax rate	**26%**	**22%**
Income taxes	**(22)**	**(9)**

The Parent Company and its Danish subsidiaries are jointly taxed with the Danish companies in the Scantox Group. The joint taxation arrangement also covers withholding taxes in the form of dividend tax, royalty tax, and interest tax. The taxes for the individual companies are allocated in full based on the expected taxable income.

Deferred taxes

EUR thousand	2023	2022
Deferred tax assets		
Deferred tax at 1 January	9	-
Change in deferred taxes – recognized in the comprehensive income	22	9
Deferred tax assets at December 31	**31**	**9**

Notes

Note 3.1 Investments in group entities

EUR thousand	2023	2022	January 1, 2022
Cost at January 1	5,037	5,037	5,037
Currency translation	(12)	-	-
Cost at December 31	**5,025**	**5,037**	**5,037**

Accounting policies

Dividends from group companies are recognized as income in the income statement of the Parent Company in the financial year in which the dividend is declared. If the carrying amount of an investment in a subsidiary exceeds the carrying amount of the net assets in the subsidiary's financial statements, or if the dividend exceeds the total comprehensive income of the subsidiary in the period in which the dividend is declared, the carrying amount of the subsidiary is tested for impairment. Investments in group companies are measured at cost. If the cost exceeds the recoverable amount, it is written down.

See note 5.2 to the consolidated financial statements for a list of group companies.

Note 4.1 Share capital

Number of shares	2023	2022
Share capital at January 1	506,462	40,000
Capital Increase	5,443	466,462
Share capital at December 31	**511,905**	**506,462**

Scantox's share capital has a nominal value of DKK 511,905 (equivalent to EUR 69 thousand) divided into 511,905 shares of DKK 1 each. The share capital is fully paid.

Note 4.2 Related Parties

Please refer to note 5.2 to the consolidated financial statements.

Note 4.3 Commitment and contingencies

Contingent liability

The Danish companies are jointly and individually liable for the joint taxation payments. Any subsequent adjustments to income taxes and withholding taxes may lead to a higher liability.

Contingencies

The Parent Company is not exposed to legal claim contingencies.

Notes

Note 4.4 Events after the balance sheet date

Please refer to note 5.3 to the consolidated financial statements.

Note 4.5 Transition to IFRS

Please refer to note 5.4 to the consolidated financial statements.

The Parent Company applied the following exemption:
- Investment in subsidiaries

More in detail, when an entity prepares separate financial statements, IAS 27 requires a first-time adopter to account for its investments in subsidiaries either:
- At cost
- In accordance with IFRS 9 or
- Equity method (IAS 28)

However, if a first-time adopter measures such an investment at cost then it can elect to measure that investment at one of the following amounts in its separate opening IFRS statement of financial position:
(a) Cost determined in accordance with IAS 27; or
(b) Deemed cost, which is its:
  (i) Fair value at the entity's date of transition to IFRS accounting standards in its separate financial statements; or
  (ii) Previous GAAP carrying amount at that date.

The Parent Company measured the Investment is subsidiaries at the deemed cost – Previous GAAP carrying amount as of Jan 1, 2022.

No adjustments and reclassifications recognised with regard to the Parent Company balances as of January 1, 2022 and as of and for the year-ended December 31, 2022.

scantox

Scantox Holding Aps
Hestehavevej 36A
DK-4623 Lille Skensved, Ejby
Denmark
clientservice@scantox.com
www.scantox.com
+45 5686 1500

CVR no.: 42 01 51 72

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