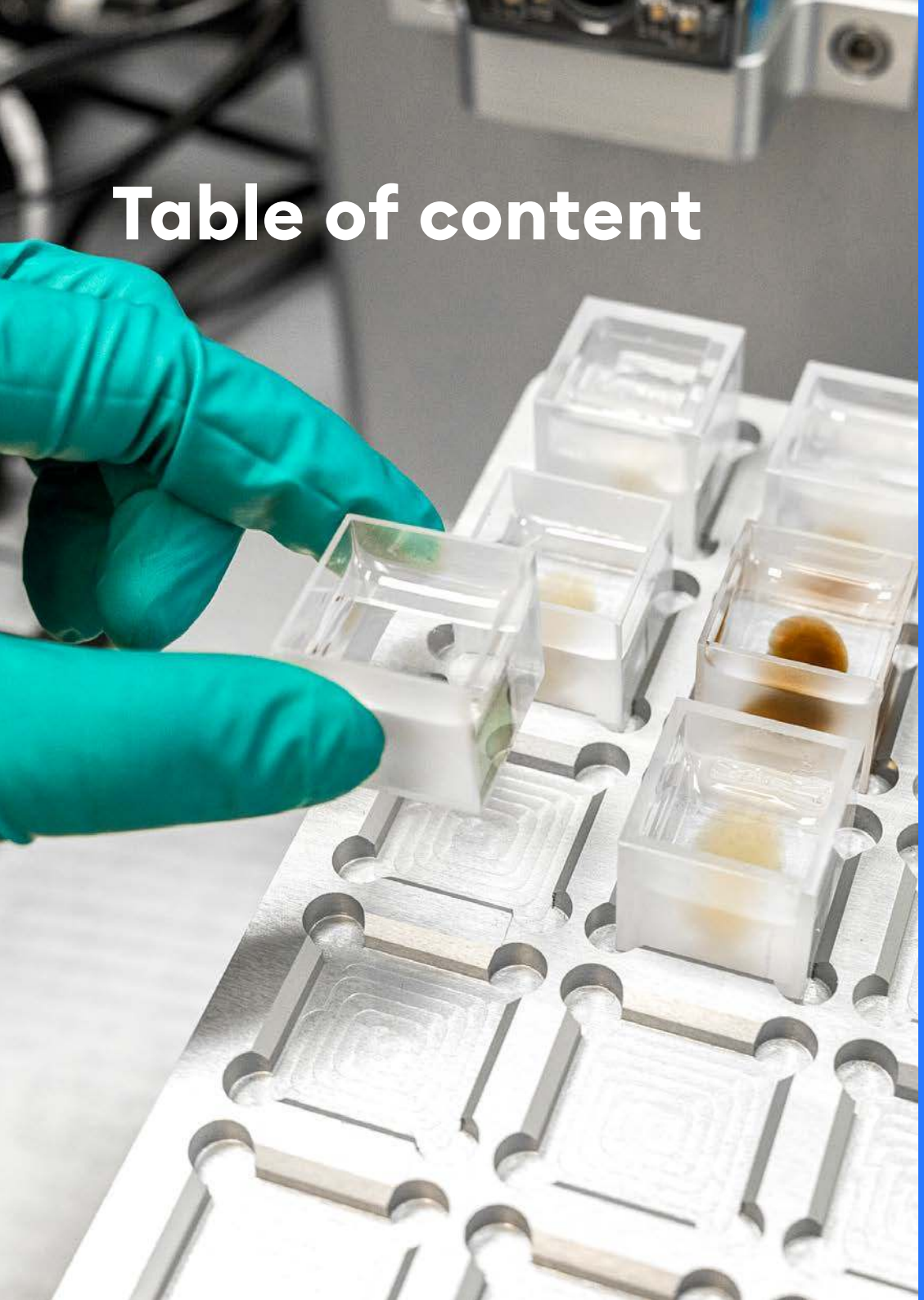
THE SCIENCE OF CERTAINTY

Gubra ApS Annual Report 2022

Gubra ApS
CVR-nr 30514041
Hørsholm Kongevej 11, B
2970 Hørsholm
Denmark



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Whole-organ samples made ready for automated 3D imaging.

Management Review

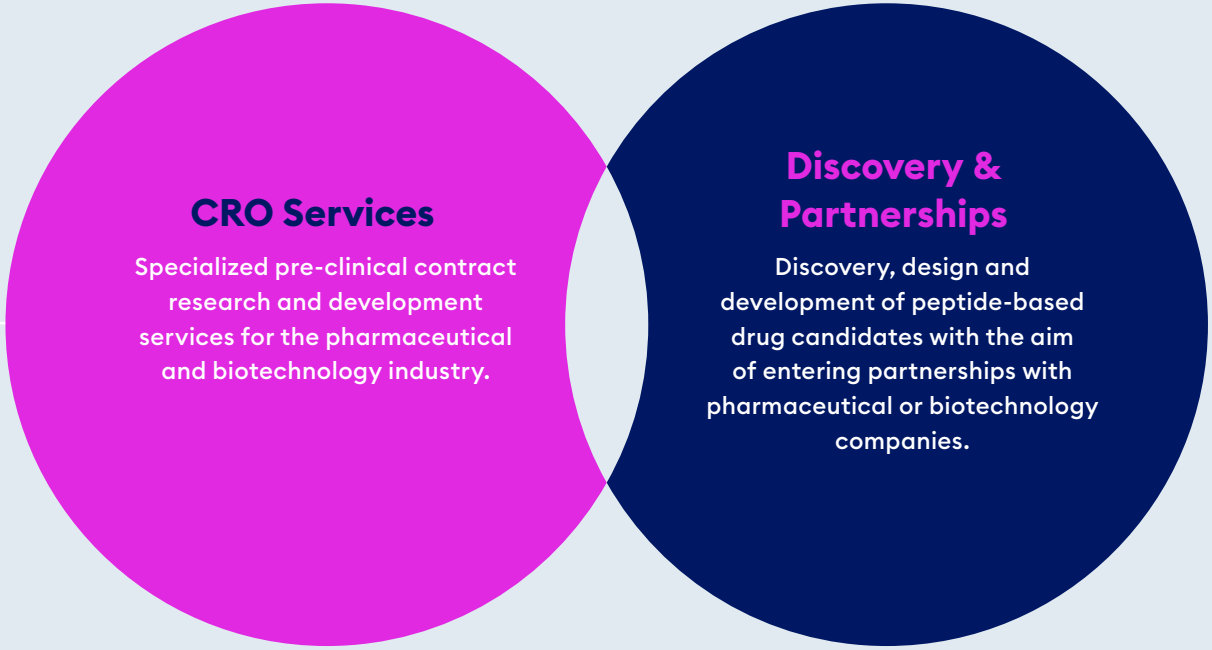
Robot technology enabling fully automated processing of tissue samples for 3D imaging.

Gubra at a Glance

Gubra, founded in 2008 in Denmark, is specialised in high-end pre-clinical contract research (CRO) and peptide-based drug discovery within metabolic and fibrotic diseases. Our activities are focused on the early stages of the drug development value chain and are organised in two business segments - CRO Services and Discovery & Partnerships - benefitting from cross-segment synergies.

The synergies includes optimization of resources, shared support functions, know-how an technology sharing and cross-selling based on deep customer knowledge. Together the two business segments create a unique entity capable of generating a steady cash flow from the CRO segment while at the same time enjoying a biotechnology upside in the form of development milestone payment and potential royalties.

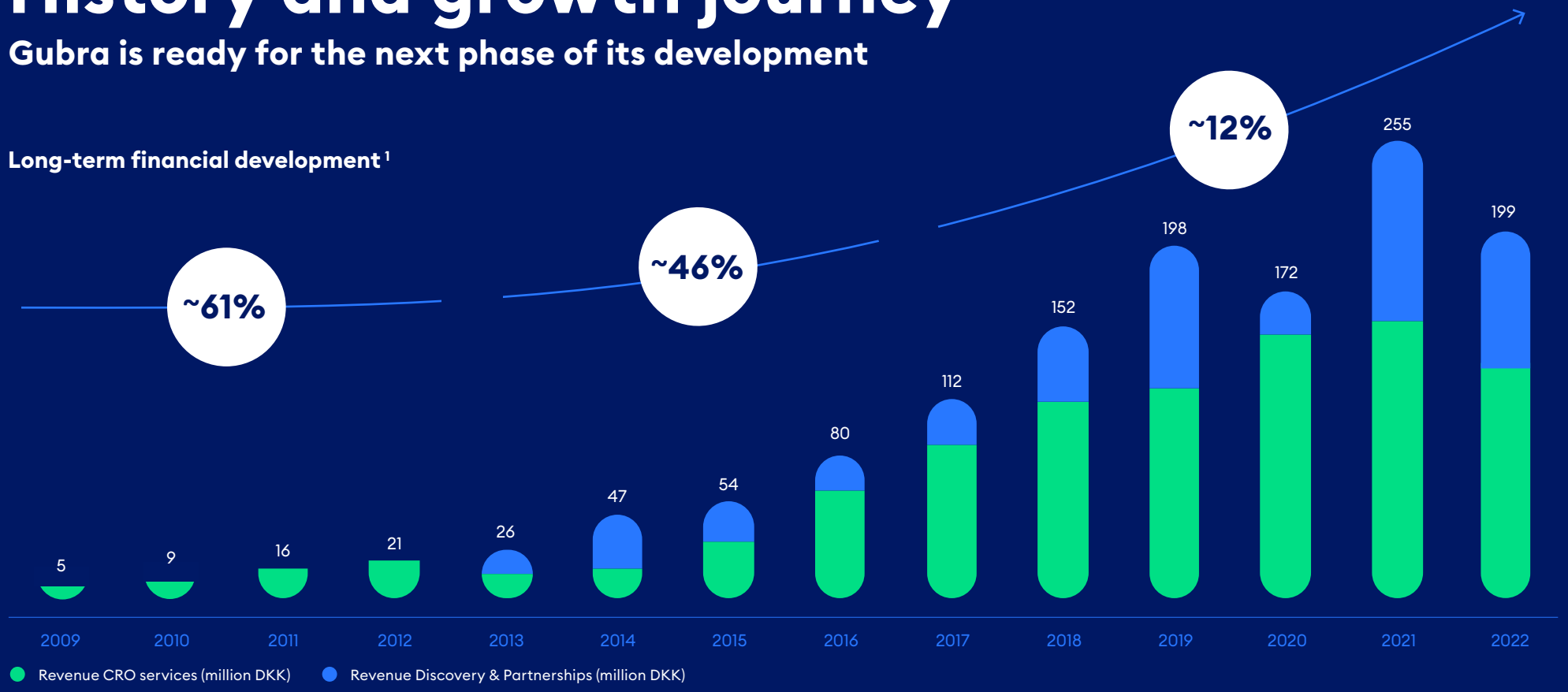
The Gubra Hybrid Business Model



History and growth journey

Gubra is ready for the next phase of its development

Long-term financial development [1]



2008-2012 – Early growth

+ Founded at CPH University Campus
+ Initiates target and drug discovery
+ Moves to DTU Science Park

2013-2017 – First partnership

+ Target discovery deal with Sanofi-Aventis
+ 1st peptide patent filed
+ Moves to 3,000sqm facility in Hørsholm

2018-today – Entering Clinical Phase

+ 1st Gubra peptide in clinical Phase I [2]
+ Launch of the streaMLine platform
+ Enters into 7th Partnership agreement

[1]Financials for 2020 to 2022 are prepared according to IFRS. [2]The first peptide to move through to the clinical phase I was a partnered project with Boehringer Ingelheim

Investing in continued growth and innovation

After almost 14 years of consecutive growth, and with record-high revenue from our contract research business as well as significant milestone payments in our Discovery & Partnership business in 2020 and 2021, the board of directors decided to embark on the next phase of continuous growth and innovation with a new and ambitious strategy.

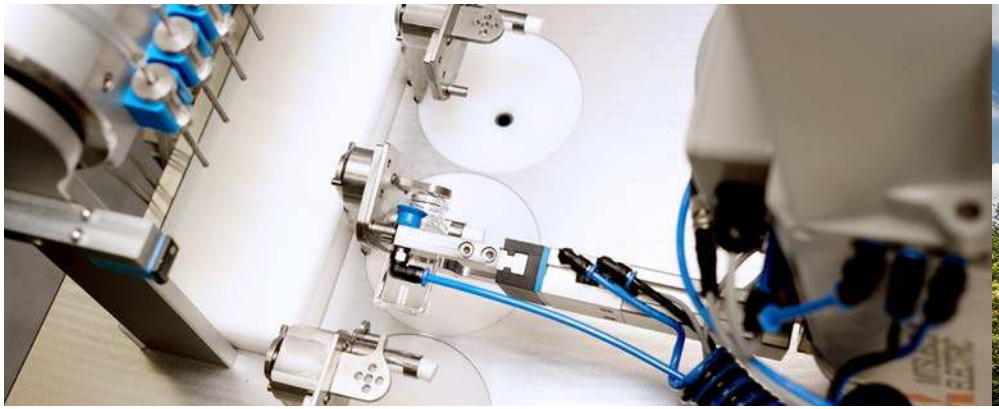
Based on Gubra's validated and highly successful hybrid business model and the new well-defined strategy for future growth, several bold decisions were made in 2022. Decisions, among others, related to composition of the board of directors, strengthening of the executive management team, hiring of new research and development people to further strengthen our R&D activities, as well as the decision to build-up organisational infrastructure to prepare Gubra for future growth and, at some point in time, a more widespread ownership of the company.

The board of directors was extended and strengthened with three new members: Alexander Martensen-Larsen (Vice Chair), Henriette Rosenquist and Arndt Schottelius. All members with highly complementary skills and with significant knowledge and insight from big pharma and biotech companies, as well as top management experience, financial expertise and M&A experience from listed companies. The board of directors now consists of four members, of which three are considered to be independent from a corporate governance perspective.

The executive management team was also strengthened and made complete during 2022, as two new members joined Chief Executive Officer Henrik Blou, who has been heading the company since 2015. Co-founder of Gubra Niels Vrang took over the position as Chief Scientific Officer and

> Based on our validated and highly successful business model and the new, well-defined strategy for future growth, several bold decisions were made in 2022.

– **Jacob Jelsing.** Chair



Robotic sample loading system for fully automated 3D imaging.

Gubra Headquarter.

Kristian Borbos, who came from a listed Swedish biotech company, took over the position as Chief Financial Officer.

2022 was also a year where we hired many new talented people for our research and development department while making significant investments in new models and technology platforms to support future growth. Growth in our contract research business by moving into new disease areas, getting leverage on existing models and by expanding the sales footprint to reach new clients in attractive markets. And growth in our Discovery & Partnerships-business, by entering new partnerships and adding development projects to our existing high-quality pipeline of novel peptide-based candidates within metabolic and fibrotic diseases.

With a strategy well in place to leverage on our unique business model combining steady cash flow contract research activities with early phase drug discovery, and the many new and talented people on board on all levels of the organisation, I am thrilled to embark on the next phase of Gubra's extraordinary growth journey. It is due to a dedicated and passionate effort by all employees of Gubra, some who have been along since the foundation, that we have come this far. I want to thank each of you for your contributions.

Jacob Jelsing
Chair and Co-founder of Gubra

> It is due to a dedicated and passionate effort by all employees of Gubra, some who have been along since the foundation, that we have come this far.

A remarkable and busy year

– **Henrik Blou**, CEO

> 2022 was a year of investments and preparing for the next growth wave after extraordinary strong growth in 2020 and 2021.

2022 was a remarkable and busy year. Just as we could see an end to Covid-19 lock-downs and restrictions, the tragic war in Ukraine broke out. Although different consequences, we again had to navigate uncharted waters. Thus, let me start by thanking my close to 200 colleagues for their dedication and ability to always adapt to challenges and changes whether caused by externalities or because of our own decisions and actions. I am proud of what we have achieved together.

As the world opened after Covid-19 we could again go to fairs and scientific conferences, meeting customers, partners, and scientific colleagues, resulting in many new leads, ideas, and contacts that I am convinced we will benefit from in the time to come. As such, 2022 could be described as a year of investments and preparing for the next growth wave on the back of the extraordinary strong growth we saw in 2020 and 2021.

To unfold our ambitious strategy and build a robust infrastructure for future growth, we welcomed more than 50 new colleagues in 2022. In an extremely tight labor market, particularly in the Danish world class life science industry, I am impressed by the many highly qualified candidates who specifically seek to work at Gubra. In general, they are attracted by the way we push research and technology boundaries and by our approach to sustainability.

An example of our constant push for new technological and innovative solutions, which is part of our DNA, is the launch of Neuropedia, a free and open-source database for virtual neuroscience, which attracted a lot of attention and acknowledgement. We have also further developed and strengthened our unique streaMLine platform to accelerate the process from target identification to drug candidates using machine learning and artificial intelligence.

In February, we entered a joint research program with Silence Therapeutics aimed at evaluating novel RNAi therapeutics for the treatment of liver diseases. The novel targets have been identified by our streaMLine platform, and I am pleased that the potential of our platform again is being recognized by a leading player in the industry. Reducing time, risk, and cost - from a novel target has been discovered to a new drug can enter the

We will again see healthy growth in our CRO-revenue in 2023.

market - is absolutely key and exactly what we believe the streaMLine platform can do.

In November, we entered a collaboration agreement with the aim to further develop and characterize preclinical rodent models of inflammatory bowel disease (IBD) based on our expertise in digital imaging and AI quantification. The agreement, which is with Ferring Pharmaceuticals, is a great possibility to unfold our wide palette of advanced digital methods and technologies to assess and quantify histological features of inflammation and fibrosis.

After a very strong performance in our highly profitable and cash generating contract research business in especially 2020 and 2021, we saw a slight decline in the CRO-revenue in 2022, where we in the first part of the year experienced a decrease in the demand for research studies within the liver disease NASH. We did, however, as the rest of the industry, see a rebound towards the end of the year, and with the significant progress we have done within other disease areas that we are servicing, like CNS, we are confident that we will again see healthy growth in our CRO-revenue in 2023.

With all the preparation and investments done in 2022, it is with great confidence, that the entire management team look forward to continuing Gubra's exciting growth journey in 2023 and the years to come.

Henrik Blou
CEO

Financial Highlights

In million DKK	2022	2021	2020	2019[1]	2018[1]
Income statement					
Revenue	199	255	172	198	152
CRO revenue	131	155	148	118	110
D&P revenue	69	100	24	80	41
Gross profit	98	166	92	149	106
Adjusted EBIT[2]	19	108	28	38	22
EBIT	(1)	89	16	38	22
Net financials	8	(2)	(2)	(3)	(2)
Profit/loss before tax	6	87	14	35	20
Profit/loss for the year	4	68	13	28	16
Statement of financial position					
Balance sheet total	263	302	195	170	130
Equity	108	151	80	70	47
Cash flows					
Cash flows from operating activities	24	89	33	37	(2)
Cash flows from investing activities	44	(27)	(7)	(24)	(12)
- Hereof cash flows from investment in PP&E	(10)	(27)	(7)	(24)	(12)
Cash flows from financing activities	(112)	(13)	1	(0)	10
Financial ratios (%)					
Gross margin	49%	65%	54%	75%	70%
Adjusted EBIT margin[2]	9%	42%	16%	19%	15%
EBIT margin	(1%)	35%	9%	19%	15%
CRO adjusted EBIT margin[2]	28%	45%	45%	N/A	N/A

[1]The Consolidated Financial Statements of the company for 2022, with comparative figures for 2021 and 2020, have been prepared in accordance with IFRS. The comparative figures for 2019 and 2018 are presented in accordance with the Danish Financial Statement Act.
[2]Adjusted EBIT are adjusted for special items that comprise of material items of income or expense that have been shown separately due to the significance of their nature or amount, e.g. share-based payments, cost for IPO preparation and gain on sale of assets.

DKKm
199
Revenue 2022

DKKm
19
Adjusted EBIT 2022

28%
CRO adjusted EBIT margin 2022

DKKm
69
D&P revenue 2022

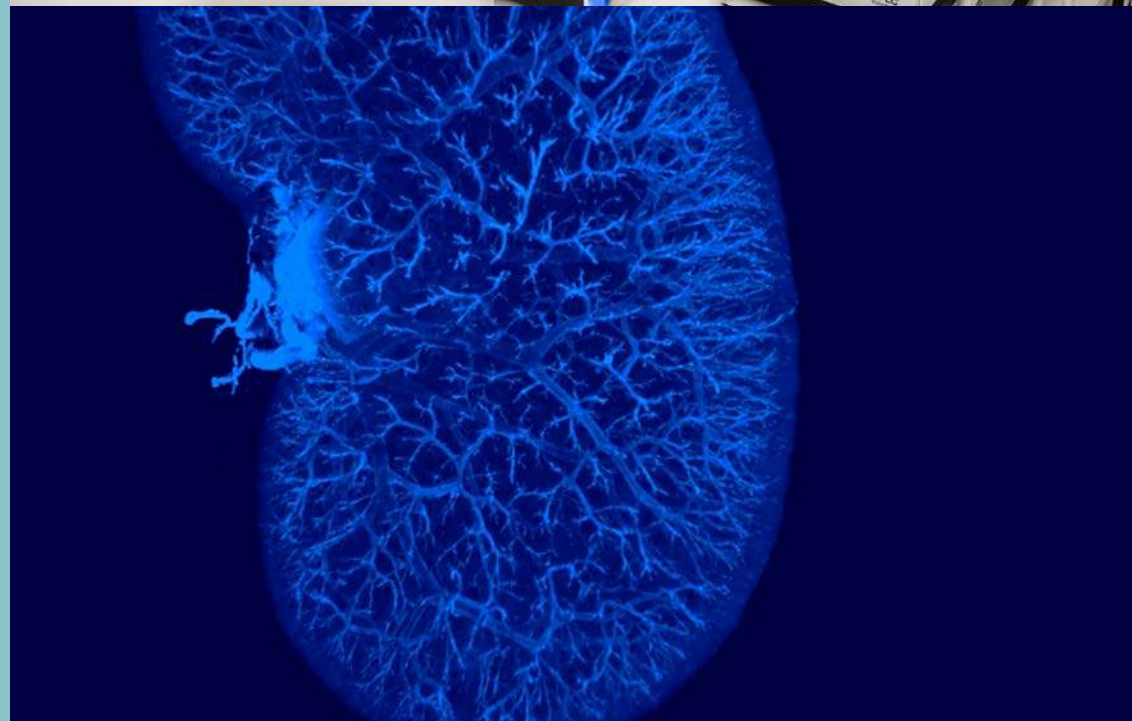
Our business

Pipetting robot for high-precision automated liquid handling tasks in our biochemical assay laboratories.

CRO Services

Why do pharmaceutical and biotechnology companies choose to work with Gubra?

+ We offer advanced, high-end models and technologies at reduced costs
+ Bottlenecks and capacity shortage in their own laboratories
+ Many biotechnology companies have no own laboratory



Upper right image: Loading of automated sample injector, introducing a precise aliquot of a sample solution for chemical analysis.
Lower right image: The intricate blood vessel architecture in the kidney captured by 3D imaging.

Recurring blue-chip client base

As a contract research organisation (CRO), Gubra offers specialised, end-to-end research and development services to pharmaceutical and biotechnology companies on a contract basis. This enables our customers to make data-based decisions to move their pre-clinical research projects fast forward.

We are a fully integrated and digitised CRO partner to a broad range of customers comprising both big and small pharmaceutical and biotechnology companies worldwide. In the past couple of years, we have seen a substantial increase in the number of customers, to a total of 101 in 2022. We have served 15 out of 20 of the largest pharmaceutical companies globally[1] of which the vast majority are now recurring customers.

Gubra has served

15 out of 20

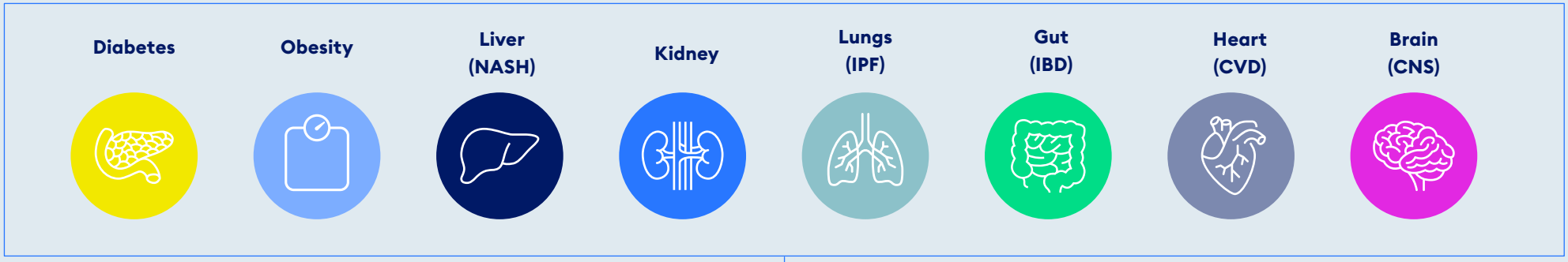
big pharma companies

We have increased the number of clients substantially

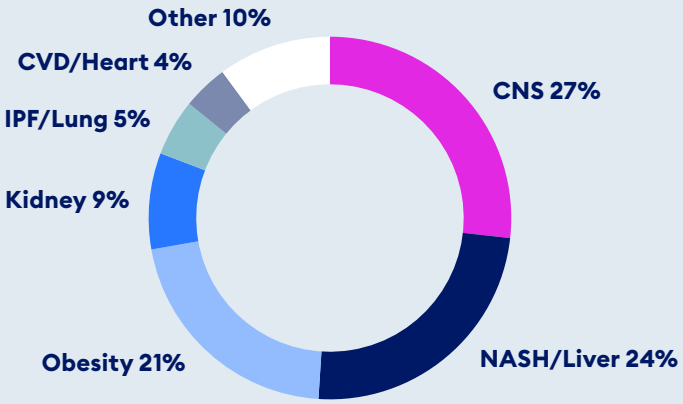
[1]Size of pharma companies is based on FY2021 revenue and found in the report "The top 20 pharma companies by 2021 revenue", published 12 April 2022 by FIERCE Pharma.
[2]Existing clients defined as clients that have had a transaction with Gubra in previous years. [3]New clients defined as clients that have not previously had a transaction with Gubra.

Disease areas

Our CRO services cover a wide variety of disease areas



Number of studies sold per disease areas in 2022



A more balanced mix

In 2022, we saw a more balanced mixture of studies across disease areas. A strong focus on developing new areas, such as within brain (CNS) and lungs (IPF) have materialised into increased number of studies sold and have resulted in the liver (NASH) area, which used to be the biggest, gradually being balanced out. Obesity is maintaining strong performance and is expected to pick up along with the increased focus on this disease area by large pharmaceutical companies.

Research services

We are utilizing our deep knowledge, animal model capabilities and advanced laboratory and animal testing facilities with operations centred around automation, robotisation and digitalisation to offer a broad range of specialized services covering all aspects of pre-clinical studies.

Specialised in Pre-Clinical Contract Research Services

In Vivo Pharmacology

Assays & Molecular Pharmacology

NGS (Next gen sequencing)

2D & 3D Histology with AI Pathology

Bioinformatics

Bioanalysis

Leveraging our highly automated setup

In Vivo Pharmacology

Highly ranked clinical translatable rodent models enable specialised team of technicians and scientists to continuously deliver high quality animal data to clients.

Assays & Molecular Pharmacology

Extensive experience with ex vivo biochemical and immuno-assays combined with broad model knowledge ensuring reproducible pre-clinical assay data packages.

NGS (Next gen sequencing)

Transformation of complex omics networks into clear interpretable data by offering advanced molecular analysis based on both DNA and RNA sequencing.

2D & 3D Histology with AI Pathology

State-of-the-art automated whole-organ 3D imaging pipeline for quantitative functional and anatomical studies, and AI-based clinical-derived histopathology scoring build for scale and speed. Complete histology solutions on any tissue from animal to human.

Bioinformatics

Fully integrated complete data platform to easily analyse large amounts of data from multiple own data systems ensuring efficiency and integrity.

Bioanalysis

Robot assisted molecular pharmacology and automated analysis of pharmacokinetic studies enabling delivery of data to multiple projects in a matter of days.

A large and growing CRO market

There is an increased pressure on pharmaceutical and biotechnology companies to develop efficient medications, forcing them to not only increase research and development spending, but also to improve cost efficiencies.

In an effort to reduce research and development expenditure, time and complexity of drug development, there has been an increase in the use of outsourcing, including to contract research companies such as Gubra.

The global CRO service market is expected to reach USD 113 billion by 2026, corresponding to an annual average growth rate (CAGR) of 12.4% from 2021 to 2026. Our focus markets - North America, Europe, Japan and South Korea – represented approx. 83% of the global CRO market in 2021.

Gubra's addressable market

The addressable market within early phase development services in our geographical focus markets was approx. USD 3.8 billion in 2021. This is expected to reach approx. USD 6.4 billion in 2026[1], corresponding to an annual average growth rate of 10.8% from 2021 to 2026.

With an insignificant share of the addressable market and with our end-to-end service offerings based on our advanced technology platforms resulting in both speed and efficiency for our customers, we believe we have a competitive edge to increase our market share substantially.

3.8

Gubra's addressable market (USDbn) in 2021

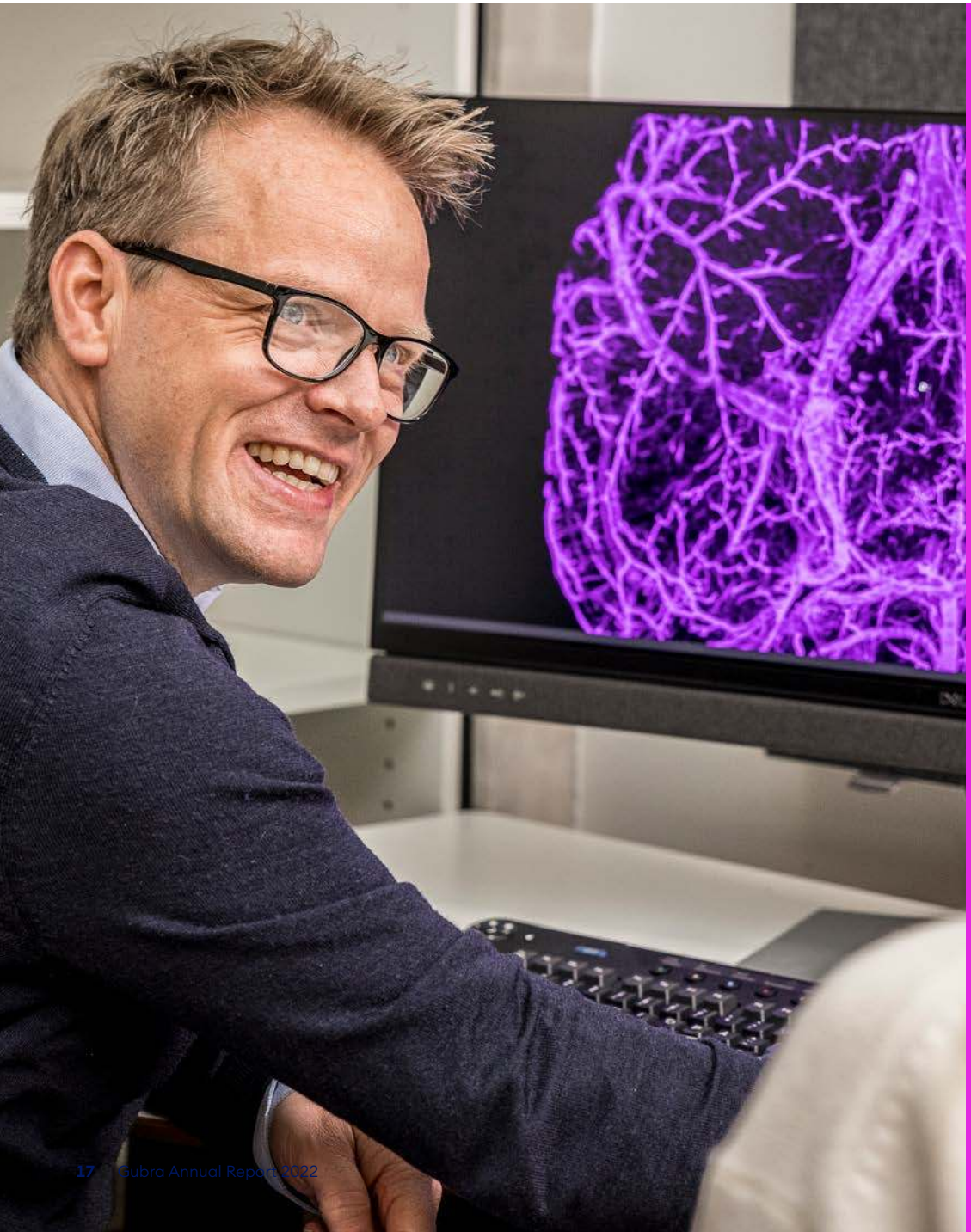
10.8%

CAGR 2021-2026 Addressable market

> Gubra's addressable market is expected to reach USD 6.4 billion in 2026.

Source: [1]Fortune Business Insights

Note: [1]In order to arrive at the Company's estimate of the market size for Early Development CRO services within Cardiovascular, Metabolic, Kidney and CNS disorders, the share of Early Phase Development services of total CRO services in the Geographical Focus Markets (21% in 2021) has been applied to the market value per disease area. Thus, the estimated market values are independent and not derived directly from Fortune Business Insights' data.



DEEP DIVE

Gubra at the forefront of 3D imaging

The complex brain blood vessel network captured by 3D imaging.

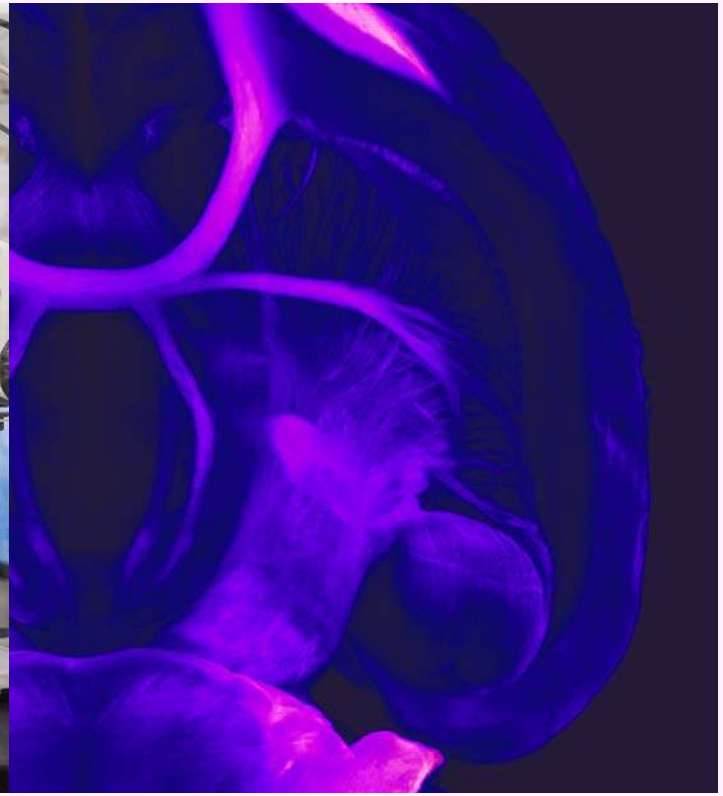
It is part of our DNA and core element of our operations to continuously push for new technological and innovative solutions. Our advanced 3D imaging technology is an example of that, and we consider ourselves as a world leader in whole organ imaging and artificial intelligence-assisted (AI) quantification, which we believe is the future in pre-clinical drug discovery.

Quantitative 3D light sheet microscopy can be applied to all organs in vivo models. Our imaging platform is integrated into our pipeline and works seamlessly in combination with our in vivo models to ensure absolute quantification of disease endpoints.

Light sheet microscopy and whole organ labelling are revolutionising the understanding of disease progression and drug distribution. We have implemented these novel technologies into our existing pre-clinical platform and offers 3D imaging of intact organs with single cell resolution.

Light sheet microscopy and whole organ labelling are revolutionising the understanding of disease progression and drug distribution.

Light-sheet microscope for 3D scanning of large tissue specimens.

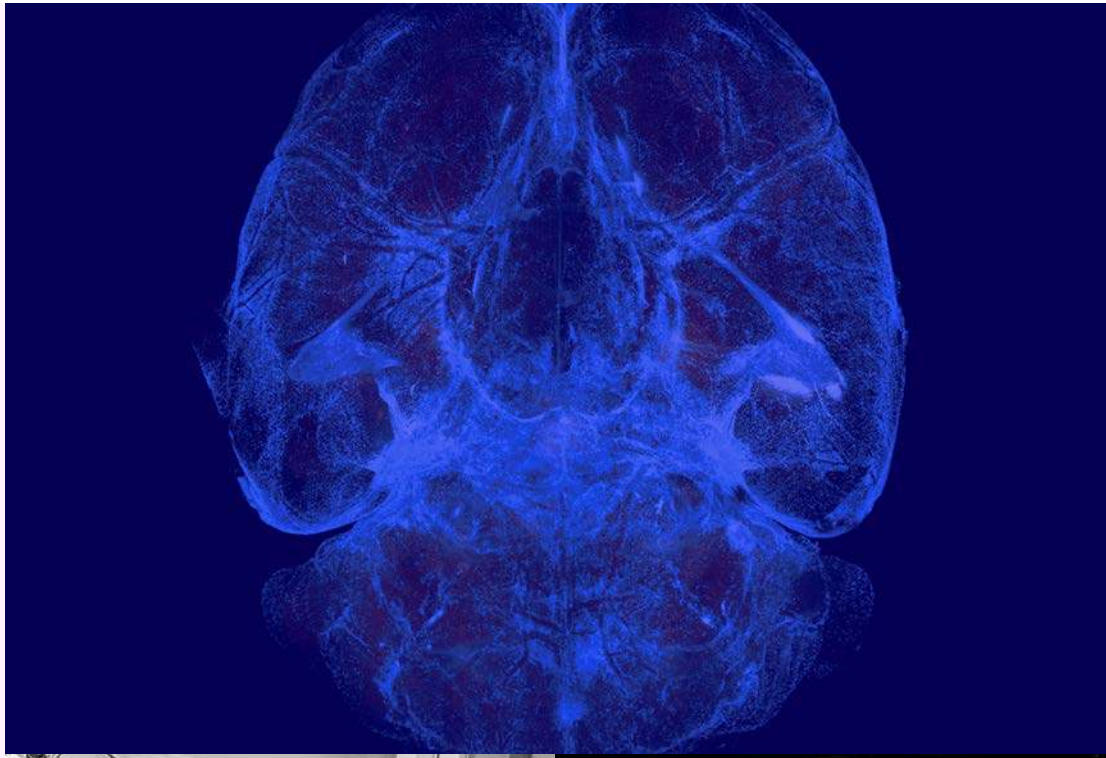


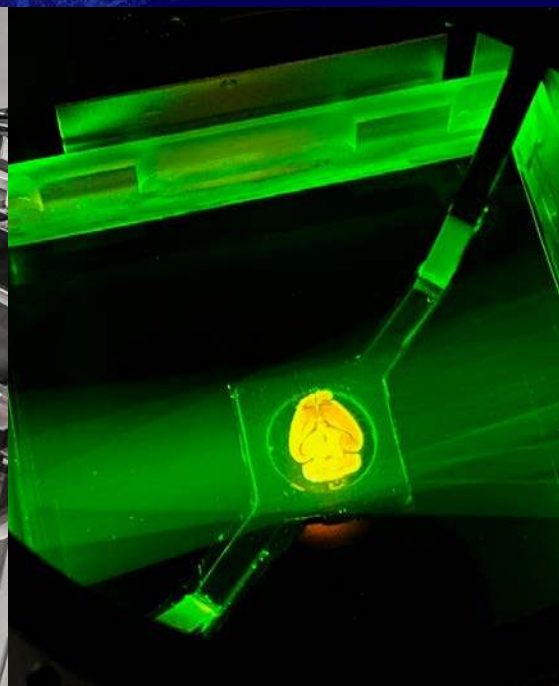
Close-up 3D image of white matter structures in forebrain.

3D imaging is particularly useful when studying complex structures such as the vasculature or neuronal innervation. By injecting fluorescently labelled molecules, such as peptides or antibodies, the technology can also be used to visualise distribution throughout the body and in particular how they access the central nervous system (CNS).

> A scan of a simple brain can generate 200 GB of data in 45 minutes and we can handle data from more than 800 brains in one month.

We have robotised several lab procedures and developed a pipeline for semi-automated processing and analysis of data from our light sheet microscopes. With our large-scale setup, we have the competencies to run 100 samples (rodent models) at a time and can make quantitative readouts of cells in each individual brain and complete statistics and analysis in 284 brain areas in one scan. A scan of a simple brain can generate 200 GB of data in 45 minutes, and we can handle data from more than 800 brains in one month.



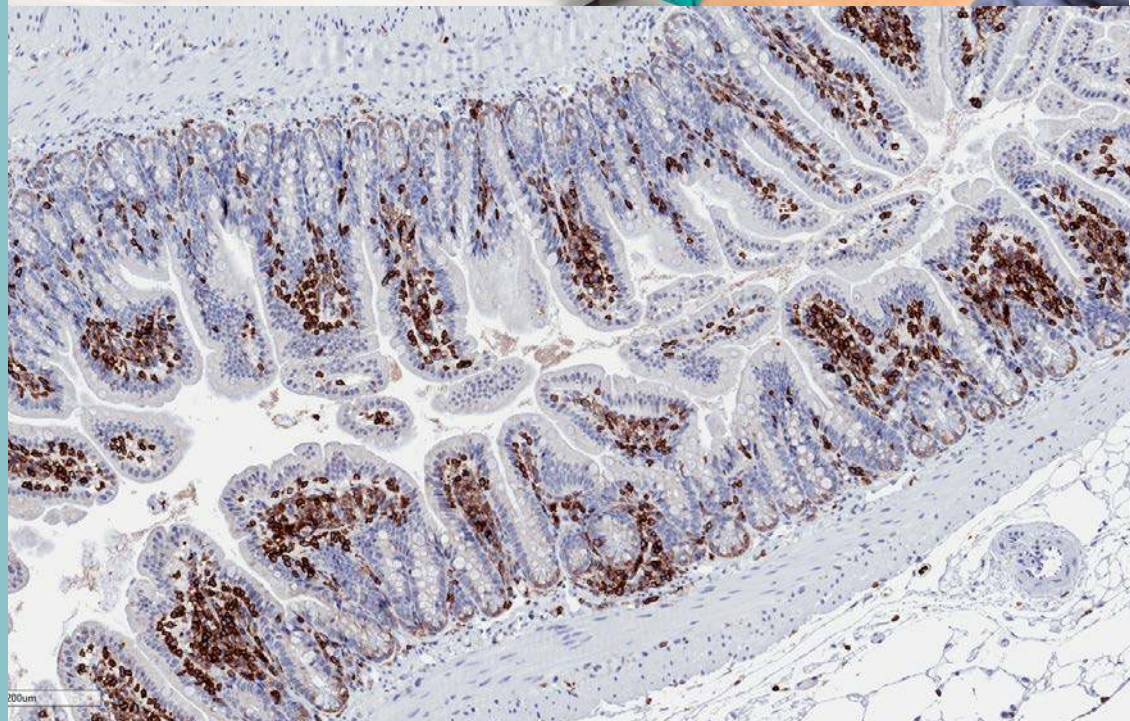


Upper right image: 3D visualization of gene therapy (bright blue color) delivered to the brain.
Lower left image: Robotic sample loading system for fully automated 3D imaging.
Lower right image: Brain mounted in the light sheet microscope, now ready for 3D scanning.

Discovery & Partnerships

Expanding discovery pipeline with partnering potential

Discovery & Partnerships serves as our drug discovery engine for identification of novel peptide-based candidates within metabolic and fibrotic diseases that has the potential to be or has been out-licensed to a partner.



Upper image: Automated high-precision surgery and drug injection
Lower image: Mouse intestine sample stained for inflammatory immune cells (brown color).

Revenue model for Discovery & Partnerships

Our activities in Discovery & Partnerships are based on our deep understanding of peptide chemistry and extensive experience in improving the therapeutic characteristics of naturally occurring peptides by identifying, modifying and optimising their structures.

To reduce risk and minimize development costs, the timing of out-licensing a project to a partner is based on an individual risk and reward analysis, including where the project is in the development phase, expectations and further development plans and a potential partner's capabilities. We do not expect to develop any projects beyond Phase IIa and through to marketing approval and commercialisation.

Once a project has been partnered, and depending on the individual arrangement, Gubra will be entitled to receive upfront, research and milestone payments, and if a project reaches commercialization, we may also receive royalties based on sales.

Offering 'biotech potential' upside with less development cost

Vast potential upside in current partnerships

As of end-2022, we had five active partnership projects with three partners; Boehringer Ingelheim, Bayer and Silence Therapeutics. Of these projects, one has completed phase I and one has entered the clinical development phase. The other projects are on track for delivering drug candidates and to move into clinical development phase within two to four years.

Since 2013, Gubra has received DKK 425 million in total payments, and the current partnership portfolio holds a significant milestone potential, including up to DKK 420 million for the period 2023 to the end of 2026.

It is our ambition to entering one to two new partnerships for current and future pipeline assets each year.

DKKm
425
Total payments since 2013

DKKm
420
Milestone potential 2023-2026

A strong and expanding pipeline

DEEP DIVE

The streaMLine platform

Robotic automation of liquid handling workflows in our laboratories.

Discovery of new therapeutic targets is essential for the development of new medicines and lays the foundation for any successful drug discovery. And the faster these targets can be identified and evaluated the better.

Gubra has developed a unique method using machine learning (ML) and artificial intelligence (AI), which accelerates the process from target identification to drug candidates. We call it the streaMLine platform.

First, the streaMLine platform combines vast amounts of pre-clinical data, from both our own comprehensive database as well as publicly available data, to identify novel targets that has the potential of being clinically efficacious and safe.

Once a potential target has been identified, the next step is to identify potential hit molecules that can lead to pre-clinical and clinical candidates and ultimately out-licensing. This is based on a combination of systematic peptide design and evaluation together with the ability to produce and analyse peptide compounds in a high volume.

→

Robotic automation of peptide drug analysis in Gubra's streaMLine platform.

AI-driven drug discovery on the rise

The AI-driven drug discovery market is expected to show strong growth in the years to come. In 2021, the global market for AI in drug discovery was valued at approx. USD 0.5 billion. This is expected to grow to USD 4.1 billion in 2028, corresponding to an annual average growth rate of 36.1%.[1]

With our ML- and AI-based streaMLine platform we believe that Gubra is well positioned to benefit from the market potential within AI drug discovery.

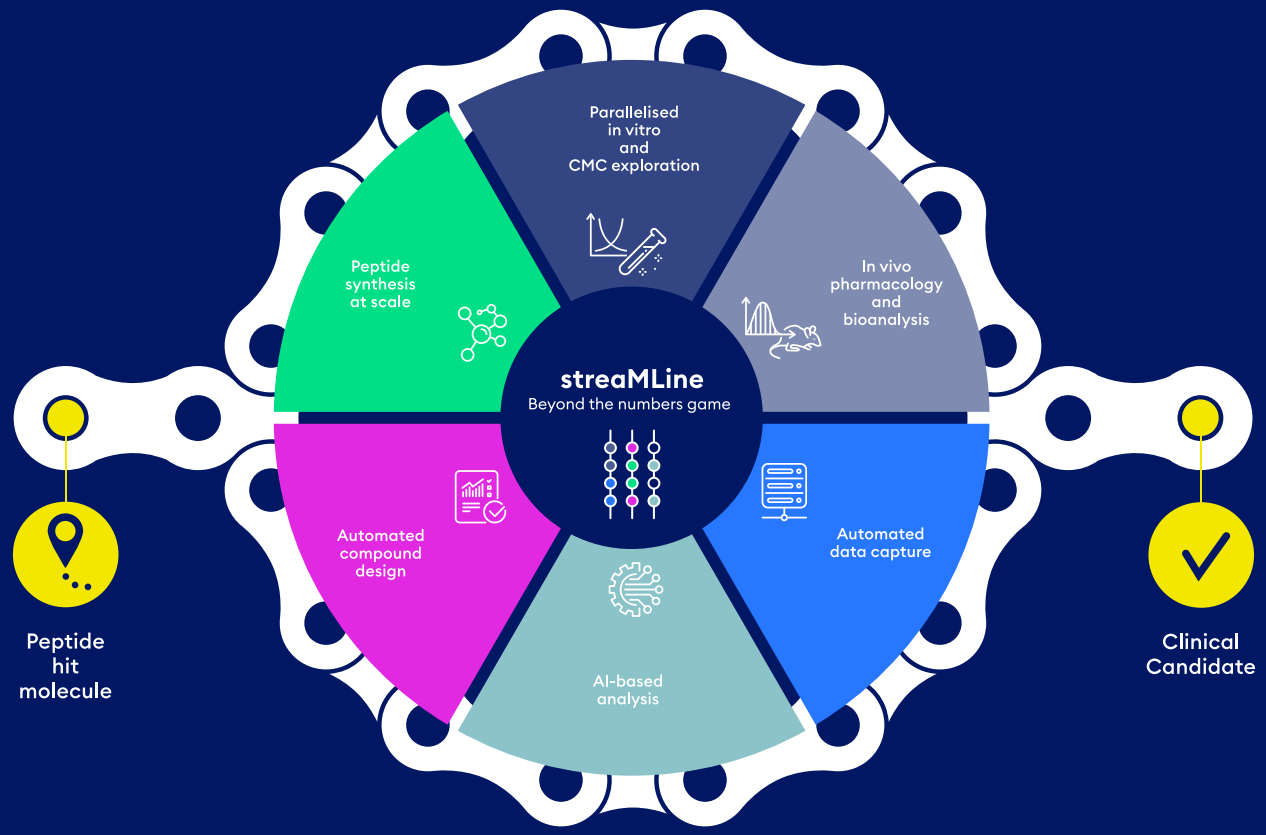
Source: [1]Catenion (2022)

The streaMLine process is a circular process that can evaluate several aspects of the molecule simultaneously, resulting in the ability to rapidly modify molecule designs and thus optimising the hit molecule before testing it in vivo in our readily available and translatable models.

With the streaMLine platform, we can accelerate drug candidate identification and quickly optimise peptides for clinical trials utilising computational directed chemistry.

Conventional peptide drug discovery requires multiple cycles of human design and offers a low throughput with long waiting times between cycles compared to the streaMLine platform.

The streaMLine platform enables us to run multiple projects in parallel with fewer resources, and thus lowering pre-clinical development costs per project.



streaMLine advantages

+ Design of more than 4,000 peptides per month vs a few hundred before use of streaMLine
+ Focus on 4-6 projects simultaneously instead of 2-3 using fewer researchers = time efficiency and lower costs
+ Improved patent potential

DEEP DIVE

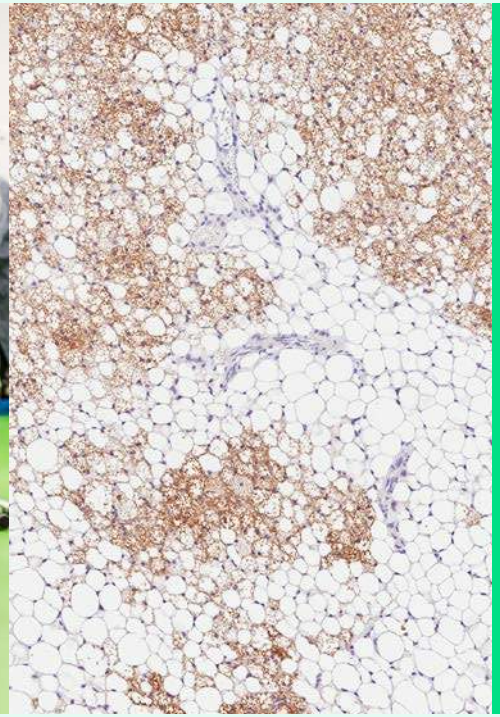
Promising own Amylin project for obesity

One of our own most promising assets in the pipeline is the Amylin peptide project for the treatment of obesity. The project is in pre-clinical development, and we expect to progress it into clinical development ourselves, with a first in-human trial in the fourth quarter of 2023.

Pre-clinical studies have proven our Amylin compound to be chemically and physically stable while reducing food intake via amylin receptors. A number of pre-clinical toxicology studies, which are required before it can move into clinical development, have already been completed and confirm our further development plans.

Our Amylin compound has the potential for co-formulation in drug combinations with GLP-1, which is a natural hormone that plays important roles in regulating appetite and blood sugar levels. Amylin is patent protected beyond 2040 based on data derived from our streaMLine platform.

Left image: Gubra laboratory researchers at work.
Right image: Histochemical staining of a fatty liver containing numerous white fat droplets.



Huge market opportunity

Given the differentiated early data, we believe that the Amylin compound will have the potential to become widely used as a medicine to treat obesity, providing a significant commercial opportunity for Gubra through outlicensing at an appropriate time.

The global obesity market is rapidly growing and is expected to reach USD 54 billion in market value by 2030, up from approx. USD 2 billion in 2022.[1]

Source: [1]Catenion (2022)

Business review

Revenue

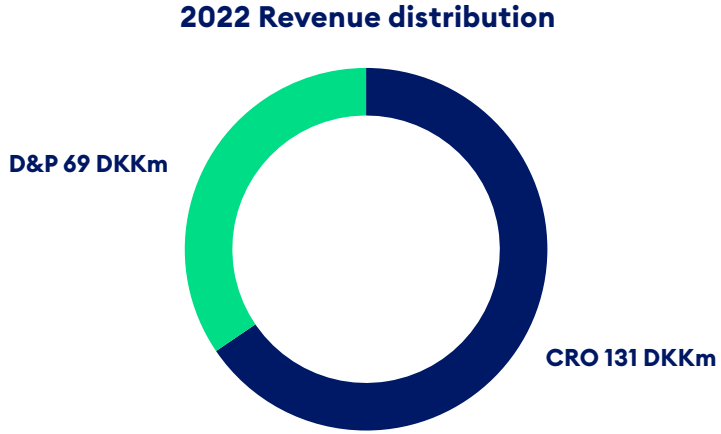
In 2022, Gubra recorded total revenue of DKK 199.4 million compared to DKK 255.3 million in 2021. Revenue from the CRO segment was DKK 130.6 million, compared to DKK 155.0 million in 2021. Revenue from Discovery & Partnerships was DKK 68.8 million compared to DKK 100.3 million in 2021. The decrease in the CRO segment was mainly due to lower overall activity in the first half of the year driven by macroeconomic and geopolitical uncertainty and a decline in the sale of CRO services related to the liver disease NASH amid to the anticipation of clinical results from a third party, which subsequently turned out positive. This was, however, partly counterbalanced by solid increase in the sale of CRO services within CNS and an overall high activity level during fourth quarter of the year, especially driven by new study-by-study projects within CRO Services Segment, that was similar to the activity level in 2021. The lower revenue in Discovery & Partnerships reflects the inherent volatility of that segment where upfront and milestone payments may differ significantly from year to year.

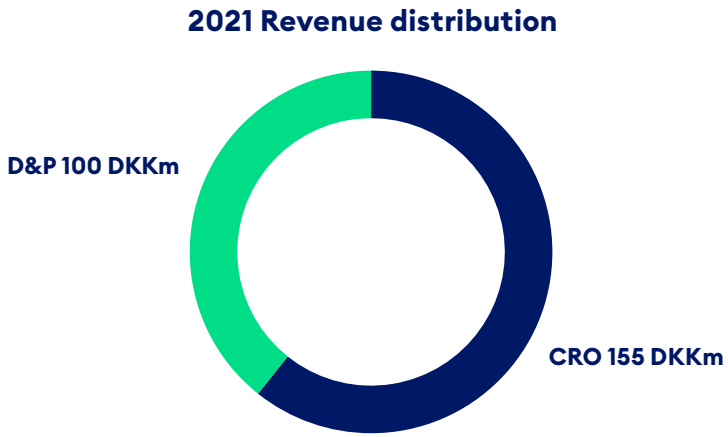
Gross profit

Gross profit in 2022 was DKK 97.7 million compared to DKK 165.9 million in 2021. Gross profit for the CRO segment was DKK 59.1 million compared to DKK 90.8 million in 2021, while gross profit for Discovery & Partnerships was DKK 38.7 million against DKK 75.1 million the year before. The decline in gross profit was predominantly driven by the decrease in revenue.

Costs

Selling, general and administrative costs (SG&A) in 2022 was DKK 66.7 million compared to DKK 52.2 million in 2021, reflecting the expanded organization to facilitate future growth. Research and development costs (R&D) was DKK 56.8





million against DKK 27.1 million in 2021, reflecting increased number of R&D staff, expansion of CRO services into new disease areas as well as costs associated to the development of the Amylin project. The cost increase year-over-year for both SG&A and R&D also reflected higher cost recognised for share remuneration programmes (non-cash effect).

Adjusted EBIT

Adjusted EBIT in 2022 was DKK 18.5 million, corresponding to an adjusted EBIT margin of 9%, compared to DKK 108.0 million in 2021, mainly due to investments in organizational build-up, the decrease in revenue and expansion into new disease areas. Adjusted EBIT for the CRO segment was DKK 35.9 million against DKK 70.2 million in 2021, and for Discovery & Partnerships negative DKK 17.4 million against DKK 37.8 million.

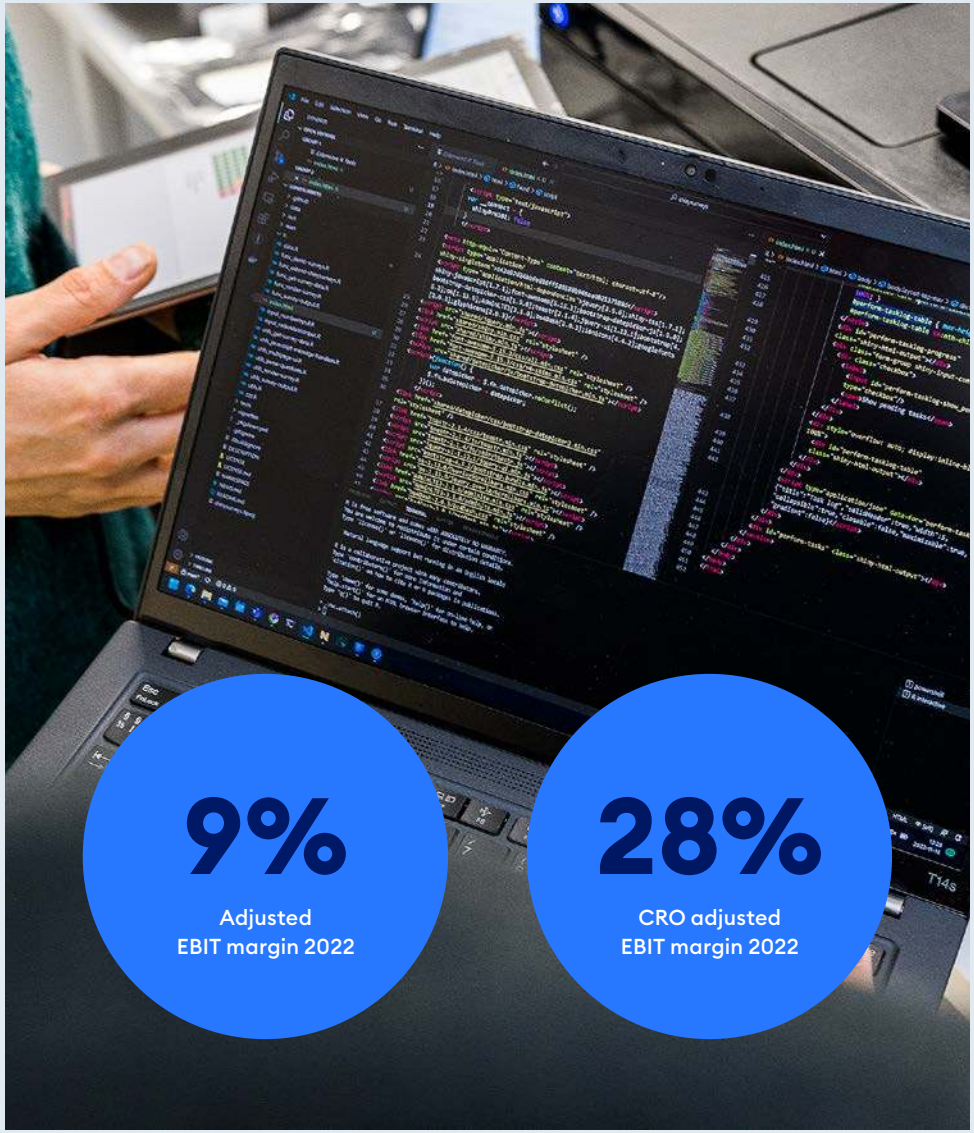
Adjusted EBIT is before special items comprising of material items of income or expense that have been shown separately due to the significance of their nature or amount, e.g. share-based payments, cost for IPO preparation and gain on sale of assets. Special items are disclosed in note 3 for each segment.

Net result

Net profit in 2022 was DKK 4.3 million compared to DKK 67.9 million in 2021.

Cash flow and capex

Cash flow from operations was DKK 24.3 million in 2022 compared to DKK 88.5 million in 2021, primarily driven by the lower profit for the year. Cash flow from investing activities was DKK 44.1 million compared to DKK (27.2) million in 2021. The positive inflow of cash from investing activities in 2022 reflected proceeds from the sale and lease back of the Company's headquarters and sale of property, plant and equipment. Capital expenditure was also lower in 2022



amounting to DKK 9.5 million compared to 2021 with DKK 27.2 million. Cash flow from financing activities was DKK (112.3) million compared to DKK (12.6) million in 2021. The higher cash outflow from financing activities in 2022 was due to higher dividend payment and repayment of loans.

Balance sheet

Total non-current assets at 31 December 2022 were DKK 70.1 million compared to DKK 95.3 million end of 2021. The development was primarily due to the sale of Gubra's headquarter.

Total current assets were DKK 192.0 million at 31 December 2022 compared to DKK 206.9 million end of 2021. The decrease was primarily due to a decline in cash and cash equivalents as well as in trade receivables which was due to lower recognition of partnership revenue during 2022. Furthermore, the decrease in current assets was partially offset by an increase in other financial assets as part of the proceeds from the sale of the Company's headquarters, DKK 65.7 million, was obtained in January 2023.

Total equity at 31 December 2022 was DKK 108.2 million compared to DKK 151.5 million end of 2021. The decrease of DKK 43.3 million was primarily due to the distribution of a dividend of DKK 66 million.

Dividends

The Board of Directors proposes that the Annual Shareholders' Meeting approve a dividend of around DKK 516 per share for a total payout of approximately DKK 68.5 million for the 2022 financial year. The size of the dividend corresponds to the proceeds, net of redeemed loans and advisory costs, from the sale of Gubra's headquarters.

Outlook for 2023

CRO Services

+ Approx. 10% organic revenue growth
+ Approx. 25% adjusted EBIT margin[1]

Discovery & Partnerships

We expect revenue from the Discovery & Partnerships segment. However, since such revenue is uncertain in terms of size and timing, we do not provide guidance on revenue from partnerships.

Total costs, excluding special items[1], for the Discovery & Partnership segment are expected to be DKK 105-110 million. Total costs, excluding special items and the Amylin project, for the Discovery & Partnership segment are expected to be DKK 85-95 million.

Gubra Green

Total costs are expected to be less than DKK 1 million as Gubra Green focuses on investments in tangible assets, i.e. capital expenditures.

[1] Adusted EBIT margin and total costs for Discovery & Partnerships are excluding special items. Special items are comprised of material items of income or expense that have been shown separately due to the significance of their nature or amount, e.g. share-based payments, cost for IPO preparation and gain on sale of assets.

ESG

Environmental, Social and Governance (ESG)

At Gubra we not only have a passion for doing science to the benefit of millions of patients worldwide. We are equally passioned about running our business in a responsible and sustainable manner.

This is translated into five key principles that leads to a persistent focus on sustainability and responsibility throughout our entire business.

Investing 10% of our pre-tax profit

Commitment to invest 10% of our pre-tax profit in environmental activities every year through our subsidiary Gubra Green.

Being carbon negative

Carbon negativity implies absorbing more CO_2 than we are emitting by stimulating carbon emission reducing projects, planting trees and buying carbon offsets.

Being nature positive

Our contribution to reversing the decline in biodiversity so that species and ecosystems begin to recover.

Inspire and engage

Inspiring and engaging politicians and other companies to fight for a more sustainable world.

Order in our own house

We practice a diverse, open and non-discriminatory work environment, insisting on proper waste management, and support and encourage our suppliers to live up to environmental and social standards.

> Our vision is to formulate and implement a radical new approach to corporate social responsibility and play an active role in the fight for a more sustainable world.

Business model

Gubra is a privately held biotech company with two primary areas of business: Preclinical contract research services (CRO) and proprietary early target and drug discovery programs. For a more thorough description of our business model see page 4.

We are also dedicated to promoting the UN's Sustainable Development Goals (SDG). As a biotech company that helps bring new medicines to patients, almost all investments made in our business and internal research programs are related to SDG 3 concerning Good Health and Well-being. We have decided to focus on additionally three SDGs, that we actively wish to engage in and support; SDG 13 Climate action, SDG 14 Life below water and SDG 15 Life on land.

Gubra Green

In Gubra, we are committed to fight for a more sustainable world. As part of this, we committed in 2019 to invest 10% of our pre-tax profit to environmental activities every year.

For that purpose, we have established the subsidiary Gubra Green, with a mandate to make passive investments in areas such as reforestation and biodiversity, Greentech, circular economy, and regenerative businesses. By the end of 2022, Gubra Green had a cash position of DKK 19.4 million.

Among the assests in Gubra Green is a 69 hectares piece of land at the Danish island of Langeland, which has been converted from conventional CO_2-emitting farmland to forestland to absorb CO_2 and increase biodiversity. In 2022, Gubra has planted 153,000 trees on Langeland, bringing the total number of planted trees and shrubs to 367,000 since 2021.

In 2023 we will continue to work on our ambition of being nature positive and carbon negative.

> Gubra Green will invest in biodiversity, circular economy and Greentech among other areas.

Read more in our 2022 Sustainability Report here

Social

The well being and health of the employees are key to Gubra's success, which is why the social aspects of sustainability and responsibility is an integral part of our daily work and the way we treat each other and our business partners. To ensure compliance with the rules and regulations applicable to our company and business, we have established internal policies, standard operating procedures, safety regulations, and a code of conduct.

In Gubra, we consider the risk of corruption and bribery as limited. However, we acknowledge the ethical, legal and reputational risks that corruption and bribery possess, which is why Gubra has a code of conduct that all employees and suppliers are expected to comply with. In Gubra, there is a zero tolerance to corruption and bribery, and in case employees or other stakeholders should be exposed to any cases of such, it can be reported through the whistle-blower channel which we establish in Q1/Q2 2023. In 2023 we will continue our work against corruption and bribery by adhering to our code of conduct and by establishing a whistle blower channel. Also, in 2023 Gubra will adopt a separate anti-bribery and anti-corruption policy.

The pharmaceutical and biotechnology industry has extensive supply chains, with an inherent potential risk of violating human rights. As Gubra is a small player generally sourcing from well-established suppliers, we consider our impact as limited and do therefore currently not consider it as necessary to have a policy on human rights.

Gubra is a diverse and inclusive workplace where all employees, regardless of gender, age, nationality, religion, sexual orientation, or abilities all have equal rights and opportunities. As part of this, we offer an equal amount of paid maternity and paternity leave.

We are focused on employee well-being and satisfaction, and in 2022 the employee engagement score was 94.5%, up from 90,9% in 2021. The score refers to positive answers (sum of agree and strongly agree) to the question: I am generally satisfied working at Gubra. To the question: I would recommend Gubra as a great place to work; the numbers of positive answers (agree and strongly agree) improved to 89.6% in 2022 from 81.8% in 2021. The answer options were: Strongly Disagree, Disagree, Neither Agree nor Disagree, Agree, Strongly Agree.

In 2023 we will continue to focus on our employees' well-being, where we expect to maintain the high level of employee engagement score.

194
Employees end-2022

36/64
All employees (male/female %)

48%
Female managers

71/29
Group management (male/female %)

75/25
Board of directors (male/female %)

Animal welfare

For Gubra as a pre-clinic research organisation, animal welfare is an ethical responsibility that encompasses all aspects of animal well-being, including proper housing, clinical and behavioural management, nutrition, disease management and treatment. Our state-of-the-art animal facilities are staffed by skilled animal technicians and veterinarians providing professional handling and close monitoring of all research animals.

All studies are licensed by the Danish Animal Experimentation Inspectorate and conducted in accordance with the Danish Animal Experimentation Act, which is stricter and therefore fully compliant with EU and internationally accepted principles for the care and use of laboratory animals.

Gubra is AAALAC accredited, which is an international accreditation for companies and institutions working with laboratory animals and who are "going the extra step to achieve excellence in animal care and use".[1]

[1] www.aofoundation.org/vet/research/aaalac-international

Upper image: Gubra animal facility.
Lower image: Gubra Headquarter.

Governance

Gubra is committed to always exercising good corporate governance and the board of directors regularly assesses rules, policies and practices according to the Corporate Governance Recommendations.

We have a two-tier governance structure consisting of the board of directors and the executive management. The two management bodies are separate and have no overlapping members.

The board of directors is responsible for the company's overall and strategic management and proper organisation of the business and operations. The board of directors supervises the management and organisation, while the executive management is responsible for the day-to-day management of the company.

Risk management is an integrated part of the daily activities and execution of the strategy, and the board of directors and executive management continuously develop risk management procedures and policies to manage and mitigate risks associated with the business and operations.

The board of directors consist of four members and has appointed a Chairperson and a Vice Chairperson. Three of the members are regarded as independent. The board of directors represents broad international experience and possess the professional skills considered to be relevant for Gubra.

The board of directors plan five regular board meetings a year and extraordinary meetings when required. In 2022, seven board meetings were held.

On an annual basis, the board of directors will conduct an evaluation of the effectiveness, performance, achievements and competencies of the board of directors, including an evaluation of the performance of each individual member of the board of directors and of the collaboration with the executive management.

The board of directors has set up an Audit committee, a Scientific committee as well as a Nomination and Remuneration committee. The purpose of the committees is to prepare decisions to be made by the board of directors.

Gubra is owned by the two founders Jacob Jelsing and Niels Vrang who each owns close to 44% of the share capital and voting rights of the company. The remaining approx. 12% is among others owned by the management and employees of the company.

Gubra's corporate governance practices are also accounted for in the statutory statement on corporate governance, which is available on:

www.gubra.dk

Executive Management

Henrik Blou
CEO

Danish, born 1979

With Gubra since 2015, CEO since 2016

Previous experience includes:
McKinsey & Co., Aros Pharma, Epi Therapeutics

Kristian Borbos
CFO

Swedish, born 1978

With Gubra as CFO since 2022

Previous experience includes:
Ascelia Pharma AB (CFO), Ørsted

Niels Vrang
CSO

Danish, born 1968

Co-founder of Gubra

Previous experience includes:
Rheoscience, University of Copenhagen

Board of Directors

Jacob Jelsing
Chair
(Not independent)

Danish, born 1974

Other positions include:
Co-founder of Gubra

Previous positions:
Rheoscience

Alexander T. Martensen-Larsen
Vice Chair
(Independent)

Danish, born 1975

Other positions include:
Relesys, The Jewellery Room, Give Elementer (Chair)
Tiger of Sweden, By Malene Birger (Vice Chair)

Previous experience includes:
IC Group (CEO)

Henriette Rosenquist

(Independent)

Danish, born 1969

Other positions include:
N/A

Previous experience includes:
Pfizer (CEO France, Denmark)
Danish Association of The Pharmaceutical Industry (Chair)
Confederation of Danish Industry (Board member)

Arndt Schottelius

(Independent)

German, born 1966

Other positions include:
Affimed (CSO)

Previous experience includes:
Kymab (Head of R&D), MorphoSys (CDO), Genentech (MD)

Financial Statements

Statement of the Board of Directors and the Executive Management on the Financial Statements of Gubra ApS as at and for the financial year ended 31 December 2022

The Board of Directors and Executive Management have today considered and adopted the Annual Report of Gubra ApS for the financial year 1 January to 31 December 2022.

The Annual Report has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in accordance with IFRS as endorsed by the EU and further 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 at 31 December 2022 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for 2022.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

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

Hørsholm, 27 February 2023
Gubra ApS

BOARD OF DIRECTORS

Jacob Jelsing
Chair and co-founder

Alexander Thomas Martensen-Larsen
Deputy Chair

Arndt Schottelius
Board Member

Henriette Dræbye Rosenquist
Board Member

EXECUTIVE MANAGEMENT

Henrik Blou
CEO

Kristian Borbos
CFO

Niels Vrang
CSO and co-founder

Independent Auditor's Report

To the Shareholders of Gubra ApS

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2022 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Gubra ApS for the financial year 1 January - 31 December 2022, which comprise statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("financial statements").

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements
Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in 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.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Independent Auditor's Report, cont.

- 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 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.

Hellerup, 27 February 2023
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Torben Jensen
State Authorised Public Accountant
mne18651

Elife Savas
State Authorised Public Accountant
mne34453

Consolidated Financial Statements for the financial years 2022, 2021 and 2020

Consolidated statement of comprehensive income

DKK'000	Notes	2022	2021	2020
Revenue	2, 3	199,381	255,326	172,301
Cost of sales	4, 5, 7	(101,636)	(89,445)	(79,949)
Gross profit		**97,745**	**165,881**	**92,352**
Selling, general and administrative costs	4, 5, 7	(66,696)	(52,152)	(44,748)
Research and development costs	4, 5, 7	(56,841)	(27,059)	(34,186)
Other operating income	13	24,504	2,004	2,447
EBIT		**(1,288)**	**88,674**	**15,865**
Financial income	8	9,502	369	56
Financial expenses	8	(1,955)	(1,943)	(2,240)
Profit before tax		**6,259**	**87,100**	**13,681**
Tax	9, 10	(1,949)	(19,161)	(989)
Net profit for the year		**4,310**	**67,938**	**12,692**
Other comprehensive income		**-**	**-**	**-**
Total comprehensive income for the period		**4,310**	**67,938**	**12,692**
Basic earnings per share (DKK)	22	32.6	517.5	97.6
Total diluted earnings per share	22	32.6	517.5	97.6

Consolidated Balance Sheet

DKK'000	Notes	31 December 2022	31 December 2021	31 December 2020	1 January 2020
ASSETS					
Non-current assets					
Intangible assets	11	7,330	3,706	1,264	191
Land and buildings	12	12,635	73,610	58,145	46,024
Equipment	12	5,094	11,006	7,912	6,967
Right-of-use assets	12, 13	38,007	6,702	10,645	14,885
Prepayments for Property, plant & equipment		-	-	-	12,091
Deferred tax assets	10	3,759	-	-	-
Deposits		4,063	239	233	234
Total non-current assets		**70,888**	**95,263**	**78,199**	**80,392**
Current assets					
Trade receivables	14, 16	36,093	83,975	41,270	43,495
Contract work in progress	3	3,255	4,888	5,564	2,694
Income tax receivables		-	781	2,310	2,090
Prepayments		9,941	709	732	553
Other receivables		5,136	724	-	218
Other financial assets		65,664	-	-	-
Cash and cash equivalents		71,925	115,785	67,099	40,642
Total current assets		**192,014**	**206,862**	**116,975**	**89,692**
Total assets		**262,902**	**302,125**	**195,174**	**170,084**

Consolidated Balance Sheet

DKK'000	Notes	31 December 2022	31 December 2021	31 December 2020	1 January 2020
Equity and liabilities					
Equity					
Share capital	18	133	133	133	133
Retained earnings		108,074	151,330	79,876	63,592
Total equity		**108,207**	**151,463**	**80,009**	**63,725**
Non-current liabilities					
Borrowings	14	-	42,295	44,457	39,528
Lease liabilities	13	60,962	3,605	7,229	10,789
Deferred tax liabilities	10	-	553	910	620
Other payables		-	-	-	3,220
Total non-current liabilities		**60,962**	**46,453**	**52,596**	**54,157**
Current liabilities					
Borrowings	14	-	2,161	2,143	1,945
Lease liabilities	13	8,441	4,380	4,725	5,425
Share-based payments	6	19,043	8,779	6,193	3,676
Deferred income		3,171	2,558	2,602	3,489
Trade payables		10,592	5,377	4,470	3,773
Contract liability	3	31,851	74,194	20,649	25,123
Tax payables		4,437	-	-	-
Other liabilities	14	16,198	6,760	21,787	8,771
Total current liabilities		**93,733**	**104,209**	**62,569**	**52,202**
Total liabilities		**154,695**	**150,662**	**115,165**	**106,359**
Total equity and liabilities		**262,902**	**302,125**	**195,174**	**170,084**

Consolidated Cash Flow Statement

DKK'000	Notes	2022	2021	2020
Cash flow from operating activities				
Net profit for the year		4,310	67,938	12,692
Adjustments for non-cash items	17	12,574	43,583	18,674
Changes in net working capital	17	8,794	(3,435)	4,716
Interest received		204	369	56
Interest paid		(1,399)	(1,942)	(2,240)
Income taxes paid/received		(143)	(18,000)	(911)
Net cash inflow (outflow) from operating activities		**24,340**	**88,513**	**32,987**
Cash flow from investing activities				
Purchase of property, plant & equipment	12	(9,542)	(27,173)	(7,199)
Payments for development costs	11	(4,613)	-	-
Proceeds from sale of property, plant & equipment	12	29,950	-	-
Proceeds from sale of property related to sale and lease back transaction	12, 13	28,259	-	-
Deposits		-	(6)	-
Net cash inflow (outflow) from investing activities		**44,054**	**(27,179)**	**(7,199)**
Cash flow from financing activities				
Repayment of borrowings		(35,866)	(2,056)	(2,026)
Proceeds from borrowings		-	-	7,200
Principal elements of lease payments		(4,863)	(3,960)	(4,269)
Dividends paid to company's shareholders		(66,013)	(6,632)	-
Acquisition of treasury shares		(5,512)	-	-
Net cash inflow (outflow) from financing activities		**(112,254)**	**(12,648)**	**905**
Net increase (decrease) in cash and cash equivalents		**(43,860)**	**48,686**	**26,693**
Cash and cash equivalents at the beginning of the financial year		115,785	67,099	40,406
Cash and cash equivalents at end of year		**71,925**	**115,785**	**67,099**

Consolidated Statements of Changes in Equity

DKK'000	Notes	Share capital	Retained earnings	Total
Equity at 1 January 2020		**133**	**63,592**	**63,725**
Net profit for the year		-	12,692	12,692
Other comprehensive income		-	-	-
Total comprehensive income		**-**	**12,692**	**12,692**
Transactions with owners:				
Dividend paid		-	-	-
Share-based payments		-	3,592	3,592
Equity at 31 December 2020		**133**	**79,877**	**80,009**
Equity at 1 January 2021		**133**	**79,877**	**80,009**
Net profit for the year		-	67,938	67,938
Other comprehensive income		-	-	-
Total comprehensive income		**-**	**67,938**	**67,938**
Transactions with owners:				
Dividends paid		-	(6,632)	(6,632)
Share-based payments		-	10,147	10,147
Equity at 31 December 2021		**133**	**151,330**	**151,463**
Equity at 1 January 2022		**133**	**151,330**	**151,463**
Net profit for the year		-	4,310	4,310
Other comprehensive income		-	-	-
Total comprehensive income		**-**	**4,310**	**4,310**
Transactions with owners:				
Dividends paid		-	(66,013)	(66,013)
Acquisition of treasury shares		-	(4,478)	(4,478)
Share-based payments		-	22,925	22,925
Equity at 31 December 2022		**133**	**108,074**	**108,207**

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Notes to the Consolidated Financial Statements

Note 1 General accounting policies

The consolidated financial statements for Gubra ApS and its subsidiary (jointly, the "**Group**") for the financial year ended 31 December 2022, were authorised for issue in accordance with a resolution of the Board of Directors and Executive Management on 27 February 2023. This note provides a list of general accounting policies adopted in the preparation of these financial statements. Significant accounting policies related to each accounting area are provided in the disclosures to which the specific policy relates. All accounting policies have been consistently applied to all the years presented.

Basis for preparation
The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as additional the Danish disclosure requirements applying to entities of reporting class C for medium-sized enterprises with additions of certain provisions for reporting class C enterprises, cf. the Danish Executive Order on Adoption of IFRSs ("IFRS-bekendtgørelsen") issued in accordance with the Danish Financial Statements Act.

The consolidated financial statements have been prepared on a historical cost basis.

The consolidated financial statements are presented in Danish Kroner (DKK) and all values are rounded to the nearest thousand (DKK '000) except when otherwise indicated.

First-time adoption of IFRS
These consolidated financial statements are the first consolidated financial statements that are presented in accordance with IFRS. The Group's transition date to IFRS is 1 January 2020.

The comparative figures for the financial years 2021 and 2020 in the income statement and the balance sheet items as at 31 December 2021, 31 December 2020 and 1 January 2020 were restated in accordance with IFRS. The accounting policies applied are based on the standards and interpretations effective for the financial year ended 31 December 2022. No standards or interpretations which are not yet effective have been adopted.

Refer to note 25 for information on how the Group adopted IFRS.

New standards and interpretations not yet adopted
Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Principles of consolidation

Subsidiaries
Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

Functional and presentation currency
Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in Danish Kroner (DKK), which is Gubra ApS' functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss.

Critical estimates and judgements
The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Some areas involve a higher degree of judgement or complexity, and within those areas, some items are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. The areas involving a higher degree of judgement or complexity include recognition of revenue from contracts with customers, recognition of share-based payment

Note 1, cont.

and capitalisation of development projects as intangible assets.

Detailed information about each of these estimates and judgements is included in the respective notes together with information about the basis of calculation for each affected line item in the financial statements.

See the following notes:

Note 3 - Revenue from contracts with customers
Note 6 - Share-based payments
Note 11 - Intangible assets

Other accounting areas

Other operating income
Other operating income comprise items of a secondary nature to the main activities of the Group, including government grants, gains and losses on the sale of intangible assets and property, plant and equipment (including sale-and-leaseback transactions).

Government grants
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Other receivables
Other receivables consist of government grants that will be received for which the Group will comply with any conditions attached to the grant.

Deferred income
Deferred income relates to received government grants.

Other financial assets
Other financial assets relate to a receivable recorded in the balance sheet as a result of an unpaid amount related to a sale-and-leaseback transaction (refer to Note 14).

Impairment of assets
Development projects in progress are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-current assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Prepayments
Prepayments comprise prepaid expenses concerning the next financial year.

Pensions
For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Transaction costs related to equity issuance
Qualifying transaction costs incurred in connection with issuance of equity instruments are deducted from equity. Transaction costs incurred in anticipation of an issuance of equity instruments are recognised in the balance sheet. If the equity instruments are not subsequently issued, the transaction costs will be recognised as an expense. Where the qualifying transaction costs relate to listing of existing and new shares, the part of the total transaction costs deducted from equity are based on management's estimate of the transaction costs' relevance for new shares compared to existing shares.

Financial ratios
The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts.

Note 2 Segment information

The Group's strategic steering committee, consisting of the chief executive officer, the chief financial officer and the chief science officer, examines the Group's performance both from a product and geographic perspective and has identified three reportable segments of its business.

The steering committee is the Chief Operating Decision Maker (the "CODM") and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The steering committee primarily uses a measure of earnings before interest and tax (EBIT) before special items to assess the performance of the operating segments. There are no transactions between the segments. Business areas are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Special items are disclosed separately in the segment information where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount, e.g. share-based payments, cost for IPO preparations and gain on sale of assets.

Pre-clinical contract research (CRO)
The CRO Segment comprises pre-clinical contract research and development services within metabolic and fibrotic diseases to customers in the pharmaceutical and biotechnology industry (business areas).

Discovery & Partnerships (D&P)
The Discovery & Partnerships Segment comprises a portfolio strategy with an aim to generate revenue through early partnering of the Company's potential drug candidates in the form of upfront payments, research payments, milestone payments and royalties (business area).

Gubra Green
The Gubra Green Segment comprises investments targeting assets promoting the green transition made through Gubra Green ApS.

DKK'000	CRO	D&P	Gubra Green	Total
2022				
Revenue (external)	130,620	68,761	-	199,381
Total segment revenue	**130,620**	**68,761**	**-**	**199,381**
Depreciation and amortisation	**(3,443)**	**(3,443)**	**-**	**(6,885)**
EBIT excl. Gubra Green and special items	**35,928**	**(17,416)**	**-**	**18,512**
EBIT margin excl. Gubra Green and special items	**27.5%**	**(25.3%)**	**-**	**9.3%**
Special items	(10,378)	(6,449)	-	(16,827)
EBIT incl. Gubra Green and special items	**25,550**	**(23,865)**	**(2,973)**	**(1,288)**

DKK'000	CRO	D&P	Gubra Green	Total
2021				
Revenue (external)	155,025	100,301	-	255,326
Total segment revenue	**155,025**	**100,301**	**-**	**255,326**
Depreciation and amortisation	**(4,975)**	**(4,975)**	**(165)**	**(10,115)**
EBIT excl. Gubra Green and special items	**70,181**	**37,840**	**-**	**108,021**
EBIT margin excl. Gubra Green and special items	**45.3%**	**37.7%**	**-**	**42.3%**
Special items	(6,769)	(6,769)	-	(13,538)
EBIT incl. Gubra Green and special items	**63,412**	**31,071**	**(5,809)**	**88,674**

DKK'000	CRO	D&P	Gubra Green	Total
2020				
Revenue (external)	148,222	24,079	-	172,301
Total segment revenue	**148,222**	**24,079**	**-**	**172,301**
Depreciation and amortisation	**(4,624)**	**(4,624)**	**(91)**	**(9,340)**
EBIT excl. Gubra Green and special items	**67,025**	**(39,318)**	**-**	**27,707**
EBIT margin excl. Gubra Green and special items	**45.2%**	**(163.3%)**	**-**	**16.1%**
Special items	(4,699)	(4,699)	-	(9,398)
EBIT incl. Gubra Green and special items	**62,326**	**(44,017)**	**(2,444)**	**15,865**

Note 2, cont.

The Group is domiciled in Denmark. The amount of its revenue from external customers, broken down by geographical region of the customers is disclosed in note 3.

In 2022, revenue from a single external customer amounted to 23% of the Group's total revenue (2021: 38% from a single external customer; 2020: 15% and 12%, respectively, from two external customers). This revenue is reported in the D&P segment.

All non-current assets are placed in Denmark.

Note 3 Revenue from contracts with customers

The following tables disaggregates the Group's revenue into geographical regions. The revenue is further disaggregated into the following research service categories: pre-clinical contract research (CRO Segment) services and drug discovery programs (Discovery & Partnership Segment).

In the year ending 31 December 2022 Denmark, being the domicile country, contributed to the total revenue with DKK 15 million (2021: DKK 28 million and 2020: DKK 19 million).

Germany as well as U.S. are the largest single countries contributing to more than 10% each of the total revenue with DKK 77 million (2021: DKK 109 million and 2020: DKK 36 million) and DKK 67 million (2021: DKK 66 million and 2020: DKK 75 million) respectively.

DKK'000	Europe	North America	Other	Total
2022				
Discovery & Partnership Segment	68,761	-	-	**68,761**
CRO Segment	53,370	72,932	4,318	**130,620**
Total segment revenue	**122,131**	**72,932**	**4,318**	**199,381**

DKK'000	Europe	North America	Other	Total
2021				
Discovery & Partnership Segment	100,301	-	-	**100,301**
CRO Segment	76,141	69,740	9,144	**155,025**
Total segment revenue	**176,442**	**69,740**	**9,144**	**255,326**

DKK'000	Europe	North America	Other	Total
2020				
Discovery & Partnership Segment	24,079	-	-	**24,079**
CRO Segment	65,160	76,272	6,790	**148,222**
Total segment revenue	**89,239**	**76,272**	**6,790**	**172,301**

Assets and liabilities related to contracts with customers
The Group has recognised the following assets and liabilities related to contracts with customers:

DKK'000	2022	2021	2020	As at 1 January
Assets				
Contract work in progress	3,255	4,888	5,564	2,694
Liabilities				
Contract Liabilities	31,851	74,194	20,649	25,123

Note 3, cont.

Significant changes in assets and liabilities related to contracts with customers

Contract work in progress has decreased as the Group has provided fewer services ahead of the agreed payment schedules.

Contract liabilities have decreased as revenue related to upfront payments from partnership contracts have been recognized. The increase in 2021 was due to larger upfront payments from partnership contracts.

Revenue recognised in relation to contract liabilities
The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities:

DKK'000	2022	2021	2020
Revenue recognised that was included in contract liabilities at the beginning of the period	45,208	7,224	13,418

Unsatisfied contracts
The following table shows unsatisfied performance obligations resulting from long-term contracts in the Discovery & Partnership Segment:

DKK'000	2022	2021	2020
Aggregate amount of the transaction price allocated to long-term Discovery & Partnerships contracts that are partially or fully unsatisfied as at 31 December	24,075	56,950	6,225

The amount disclosed for unsatisfied contracts does not include variable consideration which is constrained (e.g. milestone payments).

Management expects that the transaction price allocated to unsatisfied performance obligations as of 31 December 2022 will be recognised as revenue in 2023.

ACCOUNTING POLICIES

The Group provides research services to the biotech and pharma industry with proprietary research and collaboration programmes.

Revenue is recognised when customers obtain control of promised goods or services, in an amount that reflects the consideration that the Group expects to receive in exchange for those goods or services.

For the purposes of recognising revenue, the Group distinguishes between study-by-study arrangements, flexible research hours arrangements (jointly, CRO Segment) and partner programmes (Discovery & Partnership Segment).

Study-by-study
Study-by-study contracts are for preclinical studies in a wide variety of rodent models, which can be adapted according to the specific scientific question in focus.

Study-by-study contracts comprise a single performance obligation (i.e. research services). The transaction price is fixed and does not include any forms of variable consideration.

The consideration is received in accordance with a payment schedule. Usually 50% of the transaction price is received at contract inception. The contracts have a credit term of 30 days.

Revenue is recognised over time based on an input method of cost incurred relative to the total expected cost of the study (i.e. cost to cost). Management considers this measure of progress to be most representative of the services performed, as the effort is consistent with the related costs incurred.

Note 3, cont.

Flexible research hours
Under contracts for flexible research hours, the Group provides a fixed number of research hours at a fixed price.

Contracts for flexible research hours comprise a single performance obligation (i.e. a fixed number of research hours). The transaction price is fixed and does not include any forms of variable consideration.

Payments are received on a monthly basis.

Revenue is recognised over time based on the number of hours delivered relative to the total number of hours to be delivered. Management has determined that this method most appropriately depicts the Group's performance as all work in process for which control has transferred to the customer would be captured in this measure of progress.

Partnership programmes
Under partnership programme contracts, the Group enters into an arrangement with a counterparty to identify and perform discovery activities and identify compounds. Under the contracts, the Group will perform research activities.

Partnership programmes comprise a single performance obligation (i.e. research services). The Group receives as consideration a fixed non-refundable upfront fee, research payments, milestone payments, as well as sales-based royalties, if the compounds are commercialized. The contracts have a credit term of 30 days.

The consideration related to the non-refundable fee is received at contract inception. The consideration related to the milestone payments are received after the respective milestone is triggered through e.g. progression of the compound through development phases.

Revenue is recognized over time over the contract period on a straight-line basis as the Group's performance during the contract period is equivalent month to month. Management has determined that this method of measuring progress is the most representative of the services performed, as the Group's effort is linear throughout the contract period. This is because a fixed number of employees will work full time on the project throughout the contract term.

At contract inception, all milestone payments are constrained due to the high degree of uncertainty. Once the uncertainty related to a milestone payment is resolved, revenue is recognised on a cumulative catch-up basis. The amount related to the unsatisfied portion of the performance obligation is recognised as that portion is satisfied over the remaining contract term.

Revenue related to the sales-based royalties is recognised as revenue when the subsequent sales occur.

Contract balances

Contract work in progress
Contract work in progress is the Group's right to consideration in exchange for services that the Group has transferred to the customer. A contract asset becomes a receivable when the Group's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due.

Contract liabilities
Contract liabilities are recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e. transfers control of the related services to the customer).

Judgements

Measures of progress

The Group recognises revenue over time and in accordance with the Group's progress towards complete satisfaction of the specific performance obligation.

The purpose of measuring progress towards satisfaction of a performance obligation is to recognise revenue in a pattern that reflects the transfer of control of the promised service to the customer. Because there are various methods for measuring progress, Management should carefully consider which method that best depicts the transfer of control of services and apply that method consistently to similar performance obligations and in similar circumstances.

Depending on the nature of the contract, Management applies either a cost-to-cost, hours relative to total hours, or a straight-line method when measuring progress.

At the end of each reporting period, the Group remeasures its progress towards complete satisfaction of a performance obligation.

Partnership programmes

Evaluating the criteria for revenue recognition in relation to the partner programmes requires the following from Management:

- An assessment of whether the contract is for the sale of services that are an output of the Group's ordinary activities (i.e. whether the contract is included in the scope of IFRS 15).
- An assessment of the nature of performance obligations and whether they are distinct or should be combined with other performance obligations. An assessment of whether the achievement of milestone payments is highly probable.

Currently, the Group's counterparties for all partnership contracts are considered customers.

Note 4 Breakdown of costs by nature

The following table breaks down costs by nature:

DKK'000	2022	2021	2020
Staff costs	149,010	110,947	106,364
Depreciation amortisation and impairments	6,885	10,115	9,340
Other operating expenses	69,278	47,594	43,179
Total	**225,173**	**168,656**	**158,883**
Included in cost of sales:			
Staff costs	73,616	64,941	57,380
Depreciation amortisation and impairments	2,780	3,151	3,032
Other operating expenses	25,240	21,353	19,537
Total	**101,636**	**89,445**	**79,949**
Included in selling, general and administrative costs:			
Staff costs	38,377	29,252	26,796
Depreciation amortisation and impairments	336	3,410	3,208
Other operating expenses	27,983	19,490	14,744
Total	**66,696**	**52,152**	**44,748**
Included in research and development costs:			
Staff costs	37,017	16,754	22,188
Depreciation amortisation and impairments	3,769	3,553	3,100
Other operating expenses	16,055	6,752	8,898
Total	**56,841**	**27,059**	**34,186**

Other operating expenses under cost of sales comprise materials directly associated with revenue generating projects and raw materials and consumables, such as mice, diets, chemicals, etc., that are consumed in the provision of the services.

Other operating expenses under selling, general and administrative costs comprise primarily costs related to conferences, campaigns, advertising and travel costs as well as costs related to facilities, human resources, information technology, procurement and logistics and other administrative functions and costs related to accounting and legal services.

Other operating expenses under research and development comprise primarily research and development consumables as well as external research and development costs as part of the Group's research and development for clinical activities are performed by third-party laboratories, medical centres or clinical research outsourcing partners .

ACCOUNTING POLICIES

Cost of sales
Cost of sales include costs directly associated with fulfilling performance obligations. Cost of sales include direct materials, direct labour (including share-based payments), all direct overheads, including depreciation and impairment of property, plant and equipment, and indirect overheads that can reasonably be allocated to the production function.

Selling, general and administrative costs
Selling, general and administrative costs comprise expenses incurred for the Group's administrative functions, marketing costs, travel, wages and salaries and share-based payments for staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses for property, plant and equipment used for administration of the Group.

Research and development costs
Research and development costs comprise research costs, costs of development projects not qualifying for recognition in the balance sheet, wages and salaries and share-based payments for research and development staff, and amortisation and impairment losses relating to development projects.

Note 5 Salaries and other remuneration

DKK'000	2022	2021	2020
Wages and salaries	103,700	88,170	86,096
Share-based payments*	34,223	13,463	9,398
Pension cost, defined contribution plans	14,004	11,432	11,402
Other social security costs	1,546	1,041	1,191
Total	**153,473**	**114,106**	**108,087**
Average number of employees	180	151	157

* Refers to recognised costs but not paid-out remuneration for active share-based incentive programmes.

Key management personnel compensation
Key management personnel consist of the Executive Management and the Board of Directors.
The compensation paid or payables to key management personnel for employee services is shown below:

EXECUTIVE MANAGEMENT:

DKK'000	2022	2021	2020
Wages and salaries including social security costs	3,855	2,702	2,855
Share-based payments*	20,650	7,256	4,398
Pension cost, defined contribution plans	342	158	147
Total	**24,847**	**10,116**	**7,399**

* Refers to recognised costs but not paid-out remuneration for active share-based incentive programmes.

BOARD OF DIRECTORS:

DKK'000	2022	2021	2020
Wages and salaries	492	-	-
Total	**492**	**-**	**-**
Total Executive Management and Board of Directors	**25,339**	**10,116**	**7,399**

Note 6 Share-based payments

Incentive programme

The Group has an incentive programme under which participants are granted conditional shares in Gubra ApS, free of charge.

The incentive program is designed to provide long-term incentives for participants (Management and full-time employees) to deliver long-term shareholder returns. Further, the program is to be instrumental to retaining the participants in the Group.

The granting of the shares is conditional on the participants' ongoing employment with the Group. If a participant ceases employment, all shares are reacquired by the Group.

The reacquisition price for bad leavers is 70% and 100% for good leavers based on a predefined valuation that is updated annually. Good leaver means the involuntary termination of the employee's employment by the Group other than a termination for cause, the employee's resignation for good reason, or the employee's termination of employment due to death, disability, or a qualifying retirement. In all other situations where the employee leaves the Group, the employee will be regarded as a bad leaver.

The arrangement is accounted for as a compound instrument, comprising both a cash-settled component and an equity-settled component. The fair value of the compound instrument is the sum of the values of the cash alternative and the equity alternative.

The cash-settled component equals the fair value of the liability under the cash alternative, which is the cash payment that is guaranteed to any participant. The grant-date fair value of the cash-settled component, that would have to be forfeited in order to receive the equity alternative, is subtracted from the fair value of the total grant. Any positive difference equals the fair value of the equity-settled component.

Shares are granted once a year.

Note 6, cont.

Set out below are summaries of shares granted under the incentive programme:

DKK'000	2022	2021	2020
Number of shares granted during the year	2,199	2,349	2,546
Outstanding number of shares granted at 31 December	9,433	7,234	5,132
Grant date fair value per share (in DKK)	8,987	8,821	6,066

DKK'000	2022	2021	2020
Costs arising from share-based payment transactions	34,223	13,463	9,398

DKK'000	2022	2021	2020	As at 1 January 2020
Carrying amount of share-based payment liability	19,043	8,779	6,193	3,676

Fair value measurement

The shares granted in the incentive programme should be valued at fair value. Since no listed share price for Gubra ApS is available at the grant date of such incentive programmes, the share price has been determined using an EV/EBITDA market multiple analysis using a normalized EBITDA. The EV/EBITDA multiple is based upon an analysis of a peer-group consisting of public companies with operational similarities to Gubra ApS.

Historical EV/EBITDA multiples have been estimated as at the end of the financial year in order to estimate the fair value of Gubra ApS.

ACCOUNTING POLICIES

Share-based payments are provided to the participants of the Group's incentive program. The employee costs of the shares granted under the program are recognised in the income statement. For the equity-settled component of the incentive program the corresponding entry is in equity. For the cash-settled component of the incentive program, the corresponding entry is in liabilities.

The fair value of the arrangement is measured indirectly by reference to the fair value of the equity instruments granted as consideration (i.e. the shares). The cash-settled component corresponding to the ultimate cash payment that is guaranteed to any participant is recognized as a liability at grant date. Any adjustment to the cash-settled component is recognized in the income statement. The total cost related to the equity component is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. For the cash-settled component, the fair value of the liability is re-measured at each reporting date and at the date of settlement.

The shares will only become fully vested upon the occurrence of an exit event such as an IPO. Consequently, the Group revises its estimate of the length of the expected vesting period until the actual outcome is known. Upon a change in estimate, the Group adjusts the recognized share-based payment cost on a cumulative basis in the period in which the estimate is revised.

Share-based payment liability

The share-based payment liability comprises the cash-settled component of the Group's incentive programme.

Judgements

Estimating fair value
Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model.

In valuing the shares, Management has applied a valuation technique that focuses on the Group as a whole as a starting point and includes market multiples. The assumptions and models used for estimating the fair value of the incentive programme are disclosed above.

Note 7 Depreciation and amortisation

DKK'000	2022	2021	2020
Depreciation and amortisation			
Depreciation of property, plant and equipment	5,896	9,713	9,271
Amortisation of intangible assets	989	402	69
Total	**6,885**	**10,115**	**9,340**

Note 8 Financial income and expenses

DKK'000	2022	2021	2020
Financial income			
Financial income	204	6	2
Other financial income	8,829	-	-
Foreign exchange rate effects	469	363	54
Total financial income	**9,502**	**369**	**56**
Financial costs			
Interest costs on borrowings	1,240	1,481	1,050
Interest costs on lease liabilities	280	205	316
Other financial costs	269	52	119
Total interest costs related to financial liabilities not at fair value through profit or loss	**1,789**	**1,738**	**1,485**
Foreign exchange rate effects	166	205	755
Total financial costs	**1,955**	**1,943**	**2,240**

The amount for other financial income of DKK 8,829 thousand in 2022 primarily reflects gain from early redemption of loans in 2022 as the loans were redeemed below nominal value (all borrowings were repaid in 2022).

ACCOUNTING POLICIES

Financial income and costs
Financial income and costs (net financial items) include interest income and expenses calculated in accordance with the effective interest method.

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Note 9 Income tax expense

DKK'000	2022	2021	2020
Current tax			
Current tax on profits for the year	6,260	19,528	699
Deferred income tax	(4,311)	(367)	290
Income tax expense	**1,949**	**19,161**	**989**

DKK'000	2022	%	2021	%	2020	%
Reconciliation of effective tax rate	-		-	-	-	-
Tax at the Danish tax rate of 22%:	1,379	22%	19,161	22%	3,010	22%
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:						
Non-deductible expenses	29	0.5%	9	0.0%	13	0.1%
Deduction for shares	(721)	(11.5)%	(330)	(0.4)%	(310)	(2.3)%
Share-based payments	7,529	120.1%	2,962	3.4%	2,068	15.1%
Deduction for research and development	(5,365)	(85.6)%	(2,641)	(3.0)%	(3,792)	(27.7)%
Other	(902)	(14.4)%	-	-	-	-
Income tax expense	**1,949**	**31.1%**	**19,161**	**22%**	**989**	**7.2%**

ACCOUNTING POLICIES

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where Gubra ApS and its subsidiary operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Current tax receivables and liabilities
Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Note 10 Deferred tax

DKK'000	2022	2021	2020
Deferred tax			
Deferred tax at the beginning of period	(553)	(910)	(620)
Deferred tax recognised in the statement of profit or loss	4,312	357	(290)
Deferred tax recognised in the statement of other comprehensive income			
Deferred tax at year end	**3,759**	**(553)**	**(910)**
Deferred tax relates to:			
Intangible assets	42	92	140
Property, plant and equipment	39,574	9,085	13,225
Right-of-use assets	(69,403)	(7,985)	(11,945)
Contract work in progress	5,413	5,282	3,884
Tax losses carried forward research and development	7,289	3,614	1,122
Other including IFRS15	-	(7,576)	(2,246)
Total	**(17,085)**	**2,512**	**4,180**
Deferred tax liability, recognised	**(3,759)**	**553**	**910**
Of which presented as deferred tax assets	(3,759)	-	-
Of which presented as deferred tax liabilities	-	553	910
Deferred tax asset not recognised in the balance sheet	-	-	-
Deferred tax at 31 December	**(3,759)**	**553**	**910**

In line with the requirements of IAS 12, the deferred tax assets and liabilities are offset as they have a legal right to set off and relate to income tax with the same taxation authority.

ACCOUNTING POLICIES

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Note 11 Intangible assets

DKK'000	Acquired licenses	Development projects in progress	Completed development projects	Total
Cost:				
At 1 January 2020	250			250
Additions	-	1,141	-	1,141
Transfers	-	(200)	200	-
At 31 December 2020	**250**	**941**	**200**	**1,391**
Depreciation and impairment:				
At 1 January 2020	58	-	-	58
Amortisation charge	50	-	19	69
Impairment	-	-	-	-
At 31 December 2020	**108**	**-**	**19**	**127**
Carrying amount 31 December 2020	**142**	**941**	**181**	**1,264**
Additions	-	2,844	-	2,844
Transfers	-	(1,961)	1,961	-
At 31 December 2021	**-**	**883**	**1,961**	**2,844**
Depreciation and impairment:				
Amortisation charge	50	-	352	402
Impairment	-	-	-	-
At 31 December 2021	**50**	**-**	**352**	**402**
Carrying amount 31 December 2021	**92**	**1,824**	**1,790**	**3,706**
Additions	-	4,613	-	4,613
Transfers	-	(2,309)	2,309	-
At 31 December 2022	**-**	**2,304**	**2,309**	**4,613**
Depreciation and impairment:				
Amortisation charge	50	-	939	989
Impairment	-	-	-	-
At 31 December 2022	**50**	**-**	**939**	**989**
Carrying amount 31 December 2022	**42**	**4,128**	**3,160**	**7,330**

The intangible assets held by the Group increased primarily because of an increase in development projects in progress.

Development projects
A fundamental and critical component of the Group's business model is to continuously develop new technological and innovative solutions. As part of this, the Group develops in-house technology systems and software that are utilised by the Group and its support service offerings to customers (i.e. cost-reducing projects). Development costs that are directly attributable to the design and testing of identifiable of these solutions controlled by the Group are recognised as intangible assets where the criteria are met (see below).

The Group has incurred amortisation charges of DKK 940 thousands in 2022 (2021: DKK 352 thousands), which are included in research and development costs in the income statement.

ACCOUNTING POLICIES

Separately acquired licences are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. The licenses are amortized over the license period, however not exceeding 5 years.

Research expenditure and development expenditure that do not meet the criteria for capitalization as development projects are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Development costs that are directly attributable to a project are capitalized where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- Management intends to complete the software and use or sell it
- there is an ability to use or sell the software

Note 11, cont.

- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell
- the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software development projects include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. The amortization period is 5 years.

Development projects in progress are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Judgements

Capitalization of development projects
Initial capitalisation of costs is based on Management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, Management makes assumptions regarding the expected future cash generation of the project and the expected period of benefits.

Note 12 Property, plant and equipment

DKK'000	Land and buildings	Leasehold improvements	Other fixtures, fittings and equipment	Total
Cost:				
At 1 January 2020	54,268	441	15,725	70,434
Additions	14,898	-	3,240	18,137
Disposals	-	-	-	-
At 31 December 2020	**69,166**	**441**	**18,965**	**88,571**
Depreciation and impairment:				
At 1 January 2020	8,244	441	8,758	17,443
Depreciation charge	2,777	-	2,295	5,072
Impairment	-	-	-	-
Disposals	-	-	-	-
At 31 December 2020	**11,021**	**441**	**11,053**	**22,515**
Carrying amount 31 December 2020	**58,145**	**-**	**7,912**	**66,056**
Cost:				
Additions	18,329	-	6,000	24,329
Transfers	-	-	-	-
Disposals	-	-	-	-
At 31 December 2021	**18,329**	**-**	**6,000**	**24,329**
Depreciation and impairment:				
Depreciation charge	2,864	-	2,906	5,770
Impairment	-	-	-	-
At 31 December 2021	**2,864**	**-**	**2,906**	**5,770**
Carrying amount 31 December 2021	**73,610**	**-**	**11,006**	**84,615**

Note 12, cont.

DKK'000	Land and buildings	Leasehold improvements	Other fixtures, fittings and equipment	Total
Carrying amount 31 December 2021	**73,610**	**-**	**11,006**	**84,615**
Cost:				
Additions	3,986	-	5,521	9,507
Transfers	-	-	-	-
Disposals	(62,029)	-	(9,565)	(71,594)
At 31 December 2022	**(58,043)**	**-**	**(4,044)**	**(62,086)**
Depreciation and impairment:				
Depreciation charge	-	-	(1,868)	(1,868)
Impairment	(2,932)	-	0	(2,932)
At 31 December 2022	**(2,932)**	**-**	**(1,868)**	**(4,800)**
Carrying amount 31 December 2022	**12,635**	**-**	**5,094**	**17,729**

ACCOUNTING POLICIES

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Forest reserves
Gubra owns hectares of farmland characterised as a forest reserve. The forest reserve cannot be used by the Group in generating sales through a biological process and is thus accounted for in accordance with IAS 16 *Property, plant and equipment*. The Group accounts for the forest reserve using the cost model.

In 2021 a government grant was received to help the Group finance the acquisition of the forest reserve. In accounting for the transaction, the asset's carrying amount is deducted by the grant. Management considers the carrying amount of the forest reserve immaterial.

Depreciation methods and useful lives
Depreciation is calculated using the straight-line method to allocate the cost of the assets, net of their residual values, over their estimated useful lives as follows:

Land	Not depreciated
Buildings	10 - 50 years
Leasehold improvements	5 years
Other fixtures, fittings, tools and equipment	5 - 10 years

Note 13 Leases

Amounts recognised in the balance sheet
The Group leases laboratory equipment and premises. The balance sheet shows the following amounts relating to leases:

DKK'000	2022	2021	2020	As at 1 January 2020
Right of use assets	38,007	6,702	10,645	14,885
Lease liabilities – Equipment				
Current	5,838	4,380	4,725	5,425
Non-current	9,650	3,605	7,229	10,789
Total	**15,488**	**7,985**	**11,954**	**16,214**
Lease liabilities – Premises				
Current	2,603	-	-	-
Non-current	51,312	-	-	-
Total	**53,915**	**-**	**-**	**-**

Maturities for lease liabilities are provided in note 15.

DKK'000	2022	2021	2020
Additions to the right-of-use assets during the year	35,334	-	944
Disposals to the right-of-use assets during the year	-	-	(985)

The income statement shows the following recognised amounts relating to leases:

DKK'000	2022	2021	2020
Depreciation charge of right-of-use assets	4,029	3,944	4,199
Interest expense on lease liabilities	280	205	316
Expense relating to short-term leases	647	859	826
Expense relating to leases of low-value assets	309	254	72
Cash outflow for leases	5,949	6,278	6,913

Sale-and-leaseback
On 20 December 2022, the Group entered into a sale-and-leaseback transaction for the Group's head office, in order to improve the Group's capital management.

The transfer of the asset qualifies for a sale in accordance with IFRS 15 and is thus accounted for as a sale-and-lease-back transaction in accordance with IFRS 16. In accounting for the transaction, the Group measures a right-of-use asset arising from the leaseback as the proportion of the previous carrying amount of the asset that relates to the right of use retained. The gain that the Group recognizes is limited to the proportion of the total gain that relates to the rights transferred to the buyer-lessor.

The gain arising from the sale-and-leaseback transaction recognised as other operating income was DKK 28,143 thousands.

In relation to the sale-and-leaseback transaction, the Group is responsible for the construction of a new building. As a consequence, the Group has a future lease commitment of up to DKK 30 million that are not reflected in the measurement of lease liabilities.

ACCOUNTING POLICIES

The Group's leasing activities and how these are accounted for
The Group leases its headquarters. The lease agreement was entered into by the Group and the purchaser (landlord) in connection with a sale and lease back transaction where the landlord acquired the headquarters from the Group. The lease agreement is non-terminable for both parties for a period of 12 years from the Lease Agreement Commencement Date (including termination notice of 18 months). The lease does not have any extension and termination options.

The Group also leases laboratory equipment. The leases are typically made for periods of 60 months. The leases do not have any extension and termination options.

Note 13, cont.

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 the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are depreciated over the lease term on a straight-line basis.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets primarily comprise e-bikes.

Note 14 Financial assets and financial liabilities

The Group holds the following financial instruments:

DKK'000	2022	2021	2020	As at 1 January 2020
Financial assets at amortised cost:				
Trade receivables	36,093	83,975	41,270	43,495
Other financial assets	65,664	-	-	-
Cash and cash equivalents	71,925	115,785	67,099	40,642
Total	**173,682**	**199,760**	**108,369**	**84,137**
Financial liabilities at amortised cost:				
Trade payables	10,592	5,377	2,602	3,772
Borrowings	-	44,457	46,600	41,474
Lease liabilities	69,403	7,985	11,945	16,214
Other liabilities	74,700	92,843	54,018	44,899
Total	**154,695**	**150,662**	**115,165**	**106,359**

Other financial assets of DKK 65,664 thousand relate to a receivable recorded in the balance sheet as a result of an unpaid amount related to a sale-and-leaseback transaction. The payment of the amount was obtained in January 2023.

The Group's exposure to various risks associated with the financial instruments is discussed in note 15.

All the Group's borrowings were repaid in December 2022 and as such there is no outstanding borrowings as of 31 December 2022.

For the financial liabilities at amortised cost, the fair values are not materially different from their carrying amounts, since the interest payable on those liabilities is either close to current market rates or the liabilities are of a short-term nature.

ACCOUNTING POLICIES

Financial assets

Trade receivables
Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost less loss allowance. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss.

Trade and other payables
These amounts represent liabilities for services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Note 15 Financial risk management

The Group's principal financial liabilities, comprise mortgage debt, lease liabilities, trade and other payables, and other liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and cash equivalents.

The Group is exposed to market risk, credit risk and liquidity risk.

Market risk

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 borrowings has historically comprised mortgage loan facilities with fixed interest rates and thus Management considers the risk immaterial.

Foreign currency risk
Foreign currency risk is the risk that fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities. This arises when the Group enters into contracts with customers where the consideration is denominated in a foreign currency (i.e. revenue is denominated in a foreign currency). The Group is primarily exposed to fluctuations in EUR and USD. Due to the fixed DKK/EUR exchange rate policy, the exposure to foreign currency is primarily considered to arise from sales in USD.

The Group's exposure to the effect of significant fluctuations in exchange rates is estimated to be high. However, the Group assesses the risk of significant fluctuations in exchange rates to be moderate.

The depicted table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates. With all other variables held constant, the Group's profit and equity are affected as follows:

	2022		
DKK'000	Hypothetical change in exchange rate	Hypothetical impact on profit or loss	Hypothetical impact on equity
USD/DKK	+5%	403	403
USD/DKK	-5%	(403)	(403)

	2021		
DKK'000	Hypothetical change in exchange rate	Hypothetical impact on profit or loss	Hypothetical impact on equity
USD/DKK	+5%	**417**	**417**
USD/DKK	-5%	**(417)**	**(417)**

	2020		
DKK'000	Hypothetical change in exchange rate	Hypothetical impact on profit or loss	Hypothetical impact on equity
USD/DKK	+5%	**342**	**342**
USD/DKK	-5%	**(342)**	**(342)**

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks.

Management has determined that the credit risk related to the Group's trade receivables is not significant. This is due to the high-quality nature of the Group's customers. As such, all material counterparties are considered creditworthy. Accordingly, the Group considers credit risk to be immaterial.

The credit risk on bank deposits is limited because the counterparties, holding significant deposits, are banks with high credit-ratings (minimum A3/A-) assigned by international credit-rating agencies. The Group's policy is only to invest its cash deposits with highly rated financial institutions.

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding to meet obligations when due.

Management monitors rolling forecasts of the Group's and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios.

Maturities of financial liabilities
The amounts disclosed in the following table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Note 15, cont.

Contractual maturities of financial liabilities

DKK'000	< 1 year	1 - 5 years	> 5 years	Total contractual cash flows
At 31 December 2022				
Borrowings	-	-	-	-
Lease liabilities	8,441	22,644	38,318	69,403
Trade payables	10,592	-	-	10,592
Other payables	52,486	-	-	52,486
Total	**71,519**	**22,644**	**38,318**	**132,481**
At 31 December 2021				
Borrowings	2,161	8,826	33,470	44,457
Lease liabilities	4,380	3,605	-	7,985
Trade payables	5,377	-	-	5,377
Other payables	80,954	-	-	80,954
Total	**92,872**	**12,431**	**33,470**	**138,773**
At 31 December 2020				
Borrowings	2,143	8,753	35,704	46,600
Lease liabilities	4,725	7,220	-	11,945
Trade payables	4,470	-	-	4,470
Other payables	42,434	-	-	42,434
Total	**53,772**	**15,973**	**35,704**	**105,449**

Note 16 Commitments and contingent liabilities

Asset pledges as security

DKK'000	2022	2021	2020	As at 1 January 2020
The carrying amounts of assets pledged as security for mortgage credit institutes:				
Land and buildings	-	73,610	58,145	46,024
The following assets have been placed as security for lease liabilities:				
Land and buildings	-	6,702	10,645	-
The following assets have been placed as security with group assets representing a nominal value of DKK 6.000.000:				
Other fixtures and fittings, tools and equipment	5,094	17,707	18,557	21,852
Trade receivables	36,093	83,975	41,270	43,495

Other contingent liabilities
The Group does not have any contingent liabilities.

Note 17 Cash flow information

DKK'000	2022	2021	2020
Adjustments			
Financial income	(9,502)	(369)	(56)
Financial expenses	1,955	1,943	2,240
Depreciation, amortisation and impairment charges	6,885	10,115	9,392
Income tax	1,949	19,161	989
Share-based payments	34,223	12,733	6,109
Gain from sale and lease back items and other non current assets	(22,472)	-	-
Other	(464)	-	-
	12,574	**43,583**	**18,674**
Changes in net working capital			
(-)Increase/decrease			
Change in trade receivables	47,882	(42,705)	2,225
Change in contract work in progress	1,633	675	(2,869)
Change in prepayments	(9,231)	23	(179)
Change in other receivables	(4,414)	(723)	218
Change in trade payables	5,215	820	887
Change in contract liabilities	(42,342)	53,544	(4,474)
Change in other liabilities	9,438	(15,025)	9,795
Change in deferred income	613	(44)	(887)
Total	**8,794**	**(3,435)**	**4,716**

Note 17, cont.

Net debt reconciliation
This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

DKK'000	2022	2021	2020	As at 1 January 2020
Cash and cash equivalents	71,925	115,785	67,099	40,642
Borrowings	-	(44,456)	(46,600)	(41,473)
Lease liabilities	(69,403)	(7,985)	(11,945)	(16,214)
Net debt	**2,522**	**63,344**	**8,554**	**(17,045)**

2022				**Non-cash changes**		
DKK'000	Opening	Cash flows	New borrowing	New leases	Other changes	Closing
Liabilities from financing activities						
Borrowings	44,457	(36,018)	-		(8,439)	-
Leases	7,985	(4,863)	-	66,281	-	69,403
Total	**52,442**	**(40,881)**	**-**	**66,281**	**(8,439)**	**69,403**

2021				**Non-cash changes**		
DKK'000	Opening	Cash flows	New borrowing	New leases	Other changes	Closing
Liabilities from financing activities						
Borrowings	46,600	(2,143)	-	-	-	44,457
Leases	11,945	(3,960)	-	-	-	7,985
Total	**58,545**	**(6,103)**	**-**	**-**	**-**	**52,442**

2020				**Non-cash changes**		
DKK'000	Opening	Cash flows	New borrowing	New leases	Other changes	Closing
Liabilities from financing activities						
Borrowings	41,474	(2,074)	7,200	-	-	46,600
Leases	16,214	(4,269)	-	-	-	11,945
Total	**57,688**	**(6,343)**	**7,200**	**47**	**-**	**58,545**

Other changes include non-cash movements, including accrued interest expense which will be presented as operating cash flows in the statement of cash flows when paid.

ACCOUNTING POLICIES

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing, and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as share-based payment expenses, depreciation, amortisation, and impairment losses. Working capital comprises current assets less short-term debt, excluding items included in cash and cash equivalents.

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant, and equipment as well as fixed asset investments.

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt and principal element on lease payments as well as payments to and from shareholders.

Cash and cash equivalents
Cash and cash equivalents comprise cash and bank balances.

Note 18 Share capital

	2022		2021		2020	
No./DKK	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value
The share capital comprise:						
Ordinary shares (fully paid)	132,632	132,632	132,632	132,632	132,632	132,632

There have been no changes to the share capital during 2022, 2021 and 2020.

All shares have a nominal value of DKK 1. All shares are fully paid. Each share carries one vote. No shares carry any special rights.

Treasury shares
Treasury shares are shares in Gubra ApS that are held by Gubra ApS for the purpose of issuing shares under the incentive programme.

	2022	2021	2020
Number of treasury shares	318	513	2,202
Proportion of share capital	0.24%	0.39%	1.66%

Dividends per share

DKK per share	2022	2021	2020
Total dividend paid out for the year	500.00	50.00	-
Total dividend proposed for the year	516.49	500.00	50.00

ACCOUNTING POLICIES

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Note 19 Capital management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that the Group can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group intends to apply all available financial resources for the purposes of current and future business development. The Company currently intends to retain all available financial resources and any earnings generated by its operations for use of implementing its strategy and does not anticipate paying any dividends until such strategy is implemented.

Note 20 Related party transactions

The Group is jointly controlled by the following entities:

			Ownership interests		
Name of entity	**Type**	**Place of business**	**2022**	**2021**	**2020**
NV 2008 HOLDING ApS	Joint control	Klampenborg, Denmark	43.9%	44.5%	44.5%
JJ 081008 HOLDING ApS	Joint control	Roskilde, Denmark	43.9%	44.5%	44.5%

The mentioned owners have received dividends for 2021 (paid-out in 2022) amounting to DKK 29,511 thousand for each owner. The corresponding amount for 2020 (paid-out in 2021) was DKK 2,951 thousand for each owner. In 2022, each owner sold shares to Gubra ApS (treasury shares) for a value of DKK 2,239 thousand for each owner. No shares were sold by the owners in 2021 and 2020.

Information about remuneration to key management personnel has been disclosed in note 5.

Interests in subsidiaries are set out in note 23.

Transactions with entities that has joint control over the Group:

DKK'000	**2022**	**2021**	**2020**
The following transactions occurs:			
Purchases of Purchases of treasury shares	4,478	-	-
Sale of property	14,000	-	-

Transactions with other related parties

DKK'000	**2022**	**2021**	**2020**
The following transactions occurs with related parties:			
Purchases of architectural services	602	1,191	742
Sale of property	6,393	-	-

The Group acquired the services from close family members to key management personnel. The transactions were made on terms equivalent to those that prevail in arm's length transactions.

Note 21 Fee to auditors appointed at the general meeting

DKK'000	**2022**	**2021**	**2020**
PricewaterhouseCoopers			
Audit fee	837	146	157
Other assurance services	47	31	25
Tax advisory service	142	18	23
Other services	1,966	57	2
Total	**2,992**	**252**	**207**

Note 22 Earnings per share (DKK)

	2022	2021	2020
Basic earnings per share			
Total basic earnings per share attributable to the ordinary equity holders of the company	32.6	517.5	97.6
Diluted earnings per share			
Total diluted earnings per share attributable to the ordinary equity holders of the company	32.6	517.5	97.6
Reconciliations of earnings used in calculating earnings per share			
Profit for the year as presented in the income statement	4,310,146	67,938,343	12,691,732
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	132,216	131,274	130,077

ACCOUNTING POLICIES

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Note 23 Interest in other entities

The Group's principal subsidiaries at year end are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

		Ownership interest held by the Group		
Name of entity	**Place of business**	**2022**	**2021**	**2020**
Gubra Green ApS	Hørsholm, Denmark	100%	-	-

Note 24 Subsequent events

No material subsequent events have occurred after 31 December 2022

Note 25 First time adoption of IFRS

The financial statements for the year ended 31 December 2022 are the first that the Group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2019 the Group prepared its financial statements in accordance with The Danish Financial Statements Act ('Danish GAAP').

The Group has prepared financial statements that comply with IFRS applicable as at 31 December 2022, together with the comparative period information for the year ended 31 December 2021 and 31 December 2020.

In preparing these financial statements, the Group's opening statement of financial position was prepared as at 1 January 2020 (date of transition to IFRS).

The disclosures required by IFRS 1 First-time Adoption of IFRS explaining the principal adjustments made by the Group in restating Danish GAAP financial statements are provided below.

Notes to the reconciliation from Danish GAAP to IFRS

Share-based payments
Unlike Danish GAAP, IFRS 2 Share-based Payment requires the Group to recognise the services received in a share-based payment transaction.

The Group's incentive programme is classified as a compound instrument, giving rise to both an equity-settled and a cash-settled component. The Group recognises the fair value of the transaction as an expense. The cash-settled component of the transaction gives rise to a liability.

Exemptions applied
IFRS 2 has not been applied to equity instruments that vested before 1 January 2020. For cash-settled share-based payment transactions, the Group has not applied IFRS 2 to liabilities that were settled before 1 January 2020.

Revenue
Unlike Danish GAAP, IFRS 15 *Revenue from Contracts with Customers* includes detailed requirements related to the identification of performance obligations, adjustments to the transaction price and measures of progress.

Under Danish GAAP, revenue related to milestone payments from partner programmes were recognised as revenue once the milestone event was triggered. However, under IFRS, Management has determined that the partner programmes comprise a single performance obligation, which means that the milestone payments would be included in the transaction price (subject to the constraint on variable consideration) and recognised based on the single measure of progress determined for the entire period of performance of the services. As a result, *the Group only recognise a portion of the milestone payments as revenue, under IFRS.** The amount of milestone payments related to the unsatisfied portion of the performance obligation is recognised as that portion is satisfied over the remaining contract term.

Accordingly, the Group has made adjustments to recognised revenue.

Exemptions applied
The Group has not restated contracts that were completed before 1 January 2020. A completed contract is a contract for which the entity has transferred all of the goods or services identified in accordance with Danish GAAP.

Intangible assets
The Group has not previously capitalized any development costs. However, under IAS 38 Intangible Assets, the Group is required to capitalize development costs that meet the capitalization criteria. As such, several development projects have been capitalized.

Change in expense classification
In connection with the Group's first-time adoption of IFRS, the Group has changed its analysis of expenses to a classification based on the expenses' function within the Group. The Group has previously presented an analysis of its expenses based on the nature of the expenses.

Management has determined that a 'by function' expense classification provides information that is reliable and more relevant and is also consistent with how peers in the Company's industry present their results.

Set out on next page is an analysis of how the expenses (by nature) have been allocated to the functions as presented in the financial statements:

* The Group may only recognise a portion
** ... under IFRS, once the milestone event is triggered.

Note 25, cont.

Consolidated income statement for the financial year ended 31 December 2020 (Danish GAAP)

	Presentation 'by nature'			
DKK'000	Staff expenses	Depreciation, amortisation and impairments	Other operating expenses	Total
Presentation 'by function'				
Cost of sales	(52,634)	(3,031)	(19,537)	**(75,202)**
Selling, general and administrative costs	(21,952)	(3,208)	(14,744)	**(39,904)**
Research and development costs incl. contribution from other operating income	(21,073)	(3,082)	(8,899)	**(33,054)**
Total	**(95,659)**	**(9,321)**	**(43,180)**	**(148,160)**
Of which the nature of costs has been reclassified	**(4,977)**		**4,977**	
Total costs as presented in the financial statement for the year ended 31 December 2020	**(100,636)**	**(9,321)**	**(38,203)**	**(148,160)**

Consolidated income statement for the financial year ended 31 December 2021 (Danish GAAP)

	Presentation 'by nature'			
DKK'000	Staff expenses	Depreciation, amortisation and impairments	Other operating expenses	Total
Presentation 'by function'				
Cost of sales	(57,603)	(3,152)	(21,431)	**(82,186)**
Selling, general and administrative costs	(23,680)	(3,410)	(19,490)	**(46,580)**
Research and development costs incl. contribution from other operating income	(16,962)	(3,201)	(6,751)	**(26,914)**
Total	**(98,245)**	**(9,763)**	**(47,672)**	**(155,680)**
Of which the nature of costs has been reclassified	**(5,348)**		**5,348**	
Total costs as presented in the financial statement for the year ended 31 December 2021	**(103,593)**	**(9,763)**	**(42,324)**	**(155,680)**

Note 25, cont.

Contents of the notes to the consolidated financial statements

Group reconciliation
Set out below is an analysis of the financial statements have been impacted by the transition to IFRS:

	As at 1 January 2020			For the year ended 31 December 2020	As at 31 December 2020		
DKK'000	Assets	Liabilities	Equity	Profit for the year	Assets	Liabilities	Equity
According to Danish GAAP	170,084	100,453	69,631	19,953	194,052	107,757	86,295
IFRS adjustments							
Revenue	-	2,858	(2,858)	1,617	-	1,241	(1,241)
Share-based remuneration	-	2,362	(2,362)	(9,398)	-	6,193	(6,193)
Intangible assets	-	-	-	1,122	1,122	-	1,122
Tax		(629)	629	(603)		(26)	26
Total	**-**	**4,591**	**(4,591)**	**(7,262)**	**1,122**	**7,408**	**(6,286)**
According to IFRS	**170,084**	**105,044**	**65,040**	**12,691**	**195,174**	**115,165**	**80,009**

				For the year ended 31 December 2021	As at 31 December 2021		
DKK'000				Profit for the year	Assets	Liabilities	Equity
According to Danish GAAP	-	-	-	83,653	298,511	135,924	162,587
IFRS adjustments							
Revenue	-	-	-	(5,379)	-	6,620	(6,620)
Share-based remuneration	-	-	-	(13,463)	-	8,779	(8,779)
Intangible assets	-	-	-	2,492	3,614	-	3,614
Tax				635		(661)	661
Total	**-**	**-**	**-**	**(15,715)**	**3,614**	**14,738**	**(11,124)**
According to IFRS	**-**	**-**	**-**	**67,938**	**302,125**	**150,662**	**151,463**

Financial Statements for Gubra ApS for the financial years 2022, 2021 and 2020

Statement of comprehensive income

DKK'000	**Notes**	**2022**	**2021**	**2020**
Revenue	3	199,381	255,326	172,301
Cost of sales	4,5,7	(101,636)	(89,445)	(79,948)
Gross profit		**97,745**	**165,881**	**92,353**
Selling, general and administrative costs	4,5,7	(66,686)	(52,152)	(44,748)
Research and development costs	4,5,7	(56,841)	(27,059)	(34,186)
Other operating income	13	24,504	2,004	2,447
EBIT		**(1,278)**	**88,674**	**15,865**
Financial income	8	9,502	369	56
Financial expenses	8	(1,955)	(1,943)	(2,240)
Profit (loss) before tax		**6,269**	**87,100**	**13,681**
Tax	9,10	(1,949)	(19,161)	(989)
Net profit (loss) for the year		**4,320**	**67,939**	**12,692**
Other comprehensive income		**-**	**-**	**-**
Total comprehensive income for the period		**4,320**	**67,939**	**12,692**

Balance Sheet

DKK'000	Notes	31 December 2022	31 December 2021	31 December 2020	1 January 2020
ASSETS					
Non-current assets					
Intangible assets	11	7,330	3,706	1,264	191
Land and buildings	12	3,435	73,610	58,145	46,024
Equipment	12	5,094	11,006	7,912	6,967
Investments in subsidiaries	2	28,679	-	-	-
Right-of-use assets	12,13	38,007	6,702	10,645	14,885
Prepayments for Property, plant & equipment		-	-	-	12,091
Deferred tax asset	10	3,759	781	2,310	2,090
Deposits		4,063	239	233	234
Total non-current assets		**90,366**	**96,044**	**80,509**	**82,482**
Current assets					
Trade receivables	14,16	36,093	83,975	41,270	43,495
Contract work in progress	3	3,255	4,888	5,564	2,694
Prepayments		9,941	709	732	553
Other receivables		5,106	724	-	218
Other financial assets		65,664	-	-	-
Cash and cash equivalents		52,487	115,785	67,099	40,642
Total current assets		**172,546**	**206,081**	**114,665**	**87,602**
Total assets		**262,912**	**302,125**	**195,174**	**170,084**

Balance Sheet

DKK'000	Notes	31 December 2022	31 December 2021	31 December 2020	1 January 2020
Equity and liabilities					
Equity					
Share capital	18	133	133	133	133
Reserve for development projects		5,685	2,819	875	-
Proposed dividends for the year		68,503	66,316	6,632	-
Retained earnings		33,896	82,195	72,370	63,592
Total equity		**108,216**	**151,463**	**80,009**	**63,725**
Non-current liabilities					
Borrowings	14	-	42,295	44,457	39,528
Lease liabilities	13	60,962	3,605	7,220	10,789
Deferred tax liabilities	10	-	553	910	620
Other payables		-	-	-	3,220
Total non-current liabilities		**60,962**	**46,453**	**52,587**	**54,157**
Current liabilities					
Borrowings	14	-	2,161	2,143	1,945
Lease liabilities	13	8,441	4,380	4,725	5,425
Share-based payments	6	19,043	8,779	6,193	3,676
Deferred income		3,171	2,558	2,602	3,489
Trade payables		10,592	5,377	4,470	3,773
Contract liability	3	31,851	74,194	20,649	25,123
Tax payables		4,437	-	-	-
Other liabilities	14	16,198	6,760	21,785	8,771
Total current liabilities		**93,733**	**104,209**	**62,567**	**52,202**
Total liabilities		**154,695**	**150,662**	**115,164**	**106,359**
Total equity and liabilities		**262,912**	**302,125**	**195,174**	**170,084**

Cash Flow Statement

DKK'000	Notes	2022	2021	2020
Cash flows from operating activities				
Net profit (loss) for the year	17	4,320	67,938	12,692
Adjustments for non-cash items	17	12,532	43,583	18,674
Changes in net working capital		8,825	(3,435)	4,716
Interest received		204	369	56
Interest paid		(1,400)	(1,943)	(2,240)
Income taxes paid/received		(143)	(18,000)	(912)
Net cash inflow (outflow) from operating activities		**24,338**	**88,512**	**32,986**
Cash flow from investing activities				
Purchase of property, plant & equipment	12	(9,542)	(27,173)	(7,199)
Payments for development costs	11	(4,613)	-	-
Investments in subsidiaries	2	(19,437)	-	-
Proceeds from sale of property, plant & equipment	12	29,950	-	-
Proceeds from sale of property related to sale and lease back transaction	12,13	28,259	-	-
Deposits		-	(6)	-
Net cash inflow (outflow) from investing activities		**24,617**	**(27,179)**	**(7,199)**
Cash flow from financing activities				
Repayment of borrowings		(35,866)	(2,056)	(2,026)
Proceeds from borrowings		-	-	7,200
Principal elements of lease payments		(4,863)	(3,960)	(4,269)
Dividends paid to company's shareholders		(66,013)	(6,632)	-
Acquisition of treasury shares		(5,512)	-	-
Net cash inflow (outflow) from financing activities		**(112,254)**	**(12,648)**	**905**
Net increase (decrease) in cash and cash equivalents		**(63,298)**	**48,687**	**26,692**
Cash and cash equivalents at the beginning of the financial year		115,785	67,099	40,406
Effects of exchange rate changes on cash and cash equivalents		-	-	-
Cash and cash equivalents at end of year		**52,487**	**115,785**	**67,099**

Statements of Changes in Equity

DKK'000	Notes	Share capital	Retained earnings	Reserve for deveoplopment costs	Proposed dividend	Total
Equity at 1 January 2020		**133**	**63,593**			**63,725**
Result for the year		-	12,692			12,692
Other comprehensive income		-	-			-
Total comprehensive income		**-**	**12,692**			**12,692**
Transfer to reserves			(875)	875		-
Transactions with owners:						
Dividend paid		-	-			-
Proposed dividend			(6,632)		6,632	-
Share-based payments		-	3,592			3,592
Equity at 31 December 2020		**133**	**72,370**	**875**	**6,632**	**80,009**
Equity at 1 January 2021		**133**	**72,370**	**875**	**6,632**	**80,009**
Result for the year		-	67,938			67,938
Other comprehensive income		-	-			-
Total comprehensive income		**-**	**67,938**			**67,938**
Transfer to reserves			(1,944)	1,944		**-**
Transactions with owners:						
Dividends paid		-			(6,632)	(6,632)
Proposed dividend			(66,013)		66,013	**-**
Share-based payments		-	10,147			10,147
Equity at 31 December 2021		**133**	**82,498**	**2,819**	**66,013**	**151,463**
Equity at 1 January 2022		**133**	**82,498**	**2,819**	**66,013**	**151,463**
Result for the year		-	4,320			4,320
Other comprehensive income		-	-			-
Total comprehensive income		**-**	**4,320**			**4,320**
Transfer to reserves			(2,866)	2,866		**-**
Transactions with owners:						
Dividends paid		-			(66,013)	(66,013)
Proposed dividend			(68,503)		68,503	-
Acquisition of treasury shares		-	(4,478)			(4,478)
Share-based payments		-	22,925			22,925
Equity at 31 December 2022		**133**	**33,896**	**5,685**	**68,503**	**108,216**

Notes summary

Note

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Notes to the Parent Company Financial Statements

Note 1 General accounting policies

The separate financial statements of Gubra ApS ('the Parent') have been prepared in addition to the consolidated financial statements as required by the Danish Financial Statements Act.

The 2022 financial statements of the Parent have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statements Act. The financial statements are presented in Danish kroner (DKK), which is the presentation currency and the functional currency.

The accounting policies for the Parent are the same as for the Group in the consolidated financial statements with the following exception:

- Investments in subsidiaries (refer to note 2 in the financial statements)
- Dividends on investments in subsidiaries (refer to note 2 in the financial statements)

First-time adoption of IFRS
These financial statements are the first financial statements that are presented in accordance with IFRS. The Parent's transition date to IFRS is 1 January 2020.

The comparative figures for the financial years 2021 and 2020 in the income statement and the balance sheet items as at 31 December 2021, 31 December 2020 and 1 January 2020 were restated in accordance with IFRS. The accounting policies applied are based on the standards and interpretations effective for the financial year ended 31 December 2022. No standards or interpretations which are not yet effective have been adopted.

Refer to note 25 in the consolidated financial statements for information on how IFRS was adopted.

New standards and interpretations not yet adopted
Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Parent. These standards, amendments or interpretations are not expected to have a material impact on the Parent in the current or future reporting periods and on foreseeable future transactions.

Critical estimates and judgements
In preparing the financial statements, Management makes various accounting estimates and judgements that form the basis of presentation, recognition and measurement of the Parent's assets and liabilities.

The critical estimates and judgements made with respect to the Parent are the same for the Group. Refer to the consolidated financial statements for further information.

Equity
Reserve for development costs
The reserve for development costs comprises recognised development costs less related deferred tax liabilities. The reserve cannot be used as dividend or for covering losses. The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity

Note 2 Investments in subsidiaries

DKK'000	2022	2021	2020
Cost:			
Cost at 1 January	-	-	-
Additions	28,679	-	-
At 31 December	**28,679**	**-**	**-**

In 2022, Gubra Green ApS (a Gubra ApS subsidiary) was established with a capital of 40 thousands. The cost of the investment comprise cash contributions consideration of 19,439 thousands as well as, contributions of property, plant and equipment of 9,200 thousands.

It is Management's assessment that no indications of impairment existed at 31 December 2022. Impairment tests have therefore not been carried out for subsidiaries.

No dividends have been paid during 2022.

ACCOUNTING POLICIES

Investments in subsidiaries are measured at cost. Cost is the value of the costs incurred in acquiring or creating the asset, comprising the consideration paid to acquire or create the asset plus transaction costs.

Investments accounted for at cost are not subsequently remeasured. Such investments are measured in the separate financial statements at the original cost of the investment until the investment is de-recognised or impaired. Indications of impairment of investments in subsidiaries are assessed annually by Management.

Dividends on investments in subsidiaries are recognised in the income statement of the Parent in the financial year in which the dividend is declared.

Note 4 Breakdown of costs by nature

The following table breaks down costs by nature:

DKK'000	2022	2021	2020
Staff costs	149,010	110,947	106,364
Depreciation amortisation and impairments	6,885	10,115	9,340
Other operating expenses	69,269	47,596	43,179
Total	**225,164**	**168,656**	**158,883**
Included in cost of sales:			
Staff costs	73,616	64,941	57,380
Depreciation amortisation and impairments	2,780	3,151	3,032
Other operating expenses	25,240	21,353	19,537
Total	**101,636**	**89,445**	**79,949**
Included in selling, general and administrative costs:			
Staff costs	38,377	29,252	26,796
Depreciation amortisation and impairments	336	3,410	3,208
Other operating expenses	27,974	19,490	14,744
Total	**66,687**	**52,152**	**44,748**
Included in research and development costs:			
Staff costs	37,017	16,754	22,188
Depreciation amortisation and impairments	3,769	3,553	3,100
Other operating expenses	16,055	6,752	8,898
Total	**56,841**	**27,059**	**34,186**

Other operating expenses under cost of sales comprise materials directly associated with revenue generating projects and raw materials and consumables, such as mice, diets, chemicals, etc., that are consumed in the provision of the services.

Other operating expenses under selling, general and administrative costs comprise primarily costs related to conferences, campaigns, advertising and travel costs as well as costs related to facilities, human resources, information technology, procurement and logistics and other administrative functions and costs related to accounting and legal services.

Other operating expenses under research and development comprise primarily research and development consumables as well as external research and development costs as part of the Group's research and development for clinical activities are performed by third-party laboratories, medical centres or clinical research outsourcing partners .

ACCOUNTING POLICIES

Cost of sales
Cost of sales include costs directly associated with fulfilling performance obligations. Cost of sales include direct materials, direct labour (including share-based payments), all direct overheads, including depreciation and impairment of property, plant and equipment, and indirect overheads that can reasonably be allocated to the production function.

Selling, general and administrative costs
Selling, general and administrative costs comprise expenses incurred for the Group's administrative functions, marketing costs, travel, wages and salaries and share-based payments for staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses for property, plant and equipment used for administration of the Group.

Research and development costs
Research and development costs comprise research costs, costs of development projects not qualifying for recognition in the balance sheet, wages and salaries and share-based payments for research and development staff, and amortisation and impairment losses relating to development projects.

Note 7 Depreciation and amortisation

DKK'000	2022	2021	2020
Depreciation and amortisation			
Depreciation of property, plant and equipment	5,896	9,713	9,271
Amortisation of intangible assets	989	402	69
Total	**6,885**	**10,115**	**9,340**

Note 12 Property, plant and equipment

DKK'000	Land and buildings	Leasehold improvements	Other fixtures, fittings and equipment	Total
Cost:				
At 1 January 2020	54,268	441	15,725	70,434
Additions	14,897	-	3,240	18,137
Disposals	-	-	-	-
At 31 December 2020	**69,165**	**441**	**18,965**	**88,571**
Depreciation and impairment:				
At 1 January 2020	8,244	441	8,758	17,443
Depreciation charge	2,777	-	2,295	5,072
Impairment	-	-	-	-
Disposals	-	-	-	-
At 31 December 2020	**11,021**	**441**	**11,053**	**22,515**
Carrying amount 31 December 2020	**58,144**	**-**	**7,912**	**66,056**
Cost:				
Additions	18,329	-	6,000	24,329
Transfers	-	-	-	-
Disposals	-	-	-	-
At 31 December 2021	**18,329**	**-**	**6,000**	**24,329**
Depreciation and impairment:				
Depreciation charge	2,864	-	2,906	5,770
Impairment	-	-	-	-
At 31 December 2021	**2,864**	**-**	**2,906**	**5,770**
Carrying amount 31 December 2021	**73,609**	**-**	**11,006**	**84,615**

Note 12, cont.

DKK'000	Land and buildings	Leasehold improvements	Other fixtures, fittings and equipment	Total
Carrying amount 31 December 2021	**73,609**	**-**	**11,006**	**84,615**
Cost:				
Additions	3,986	-	5,521	9,507
Transfers	-	-	-	-
Disposals	(71,229)	-	(9,565)	(80,794)
At 31 December 2022	**(67,243)**	**-**	**(4,044)**	**(71,287)**
Depreciation and impairment:				
Depreciation charge	-	-	(1,868)	(1,868)
Impairment	(2,932)	-	-	(2,932)
At 31 December 2022	**-**	**-**	**(1,868)**	**(4,800)**
Carrying amount 31 December 2022	**3,434**	**-**	**5,094**	**8,529**

Note 16 Commitments and contingent liabilities

Assets pledges as security

DKK'000	2022	2021	2020	As at 1 January 2020
The carrying amounts of assets pledged as security for mortgage credit institutes:				
Land and buildings	-	73,610	58,145	46,024
The following assets have been placed as security for lease liabilities:				
Land and buildings	-	6,702	10,645	-
The following assets have been placed as security with group assets representing a nominal value of DKK 6.000.000:				
Other fixtures and fittings, tools and equipment	5,094	17,707	18,557	21,852
Trade receivables	36,093	83,975	41,270	43,495

Other contingent liabilities
The Group does not have any contingent liabilities.

Gubra ApS is the administration company and subject to the Danish rules on mandatory joint taxation of the Group. Gubra ApS accordingly pays all income taxes to the tax authorities under the joint taxation scheme. Danish subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation. The jointly taxed Danish companies are taxed under the on-account tax scheme.

On payment of joint taxation contributions, the current Danish income tax is allocated between the Danish jointly taxed companies in proportion to their taxable income.

In addition, tax on profit/loss and deferred tax are calculated and recognised as described in note 10 in the consolidated financial statements.

Note 17 Cash flow information

DKK'000	2022	2021	2020
Adjustments			
Financial income	(9,502)	(369)	(56)
Financial expenses	1,955	1,943	2,240
Depreciation, amortisation and impairment charges	6,885	10,115	9,392
Income tax	1,949	19,161	989
Share-based payments	34,223	12,733	6,109
Gain from sale and lease back items and other non current assets	(22,472)	-	-
Other	(506)	-	-
Total	**12,532**	**43,583**	**18,674**
Changes in net working capital			
(-)Increase/decrease			
Change in trade receivables	47,882	(42,705)	2,225
Change in contract work in progress	1,633	675	(2,869)
Change in prepayments	(9,231)	23	(179)
Change in other receivables	(4,382)	(723)	218
Change in trade payables	5,215	820	887
Change in contract liabilities	(42,342)	53,544	(4,474)
Change in other liabilities	9,438	(15,025)	9,795
Change in deferred income	613	(44)	(887)
Total	**8,825**	**(3,435)**	**4,716**

Note 20 Related party transactions

In addition to the mention in the consolidated financial statements note 20, the Parent Company's related parties include its subsidiaries (refer to note 2 in the Parent Company financial statements).

Refer to note 5 in the consolidated financial statements for details about Management remuneration.

Note 22 Proposed appropriation of net profit

DKK'000	2022	2021	2020
Proposed appropriation of net profit			
Dividends to shareholders	68,503	66,013	6,632
Reserves	(64,183)	1,925	6,060
	4,320	**67,938**	**12,692**
Proposed dividend per share	**516.49**	**500.00**	**50.00**

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