



# Roche Innovation Center Copenhagen A/S

Fremtidsvej 3, 2970 Hørsholm, Denmark

CVR. NO 20 69 00 03

**Annual Report for the period 1 January - 31 December 2020**

(23rd Year of Accounting)

Approved on the Ordinary Annual General Meeting  
May 27, 2021

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As Chairman:

DocuSigned by:

*Britt Brohuus*

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BRITT BROHUUS

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## Statement by the Executive Board and Board of Directors

The Executive Board and Board of Directors have considered and approved the annual report of Roche Innovation Center Copenhagen A/S for the year 1 January - 31 December 2020.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020, and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

Further, in our opinion, the Management's review includes a fair review of developments in the Company's operations and financial matters, result for the year and the Company's financial position.

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

### Executive Board:

DocuSigned by:  
  
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Richard John Wright  
Managing Director

### Board of Directors:

DocuSigned by:  
  
519A276883F0459...  
Sylke Pöhling  
(Chairman)

DocuSigned by:  
  
E9962517519B46F...  
Beat Christoph  
Krähenmann

Signed by:  
  
101BC006439...  
Richard John  
Wright

## **Independent Auditor's report**

### **To the shareholder of Roche Innovation Center Copenhagen A/S**

#### **Opinion**

We have audited the financial statements of Roche Innovation Center Copenhagen A/S for the financial year 1 January – 31 December 2020 comprising income statement, balance sheet, statement of changes in equity, and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control, that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Independent Auditor's report

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Independent Auditor's report

### Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, May 27, 2021

#### **KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no 25 57 81 98



Henrik Barner Christiansen

State Authorised

Public Accountant

mne10778

## Management's review

### Company details

Roche Innovation Center Copenhagen A/S (RICC A/S)  
Fremtidsvej 3  
DK-2970 Hørsholm  
DENMARK

Telephone: +45 45 17 98 00  
[http://www.roche.com/research\\_and\\_development/who\\_we\\_are\\_how\\_we\\_work/our\\_structure/pred.htm](http://www.roche.com/research_and_development/who_we_are_how_we_work/our_structure/pred.htm)

Registration No.: 20 69 00 03  
Established: 1998  
Registered office: Rudersdal

### Board of Directors

Sylke Pöhling (Chairman)  
Richard John Wright  
Beat Christoph Krähenmann

### Executive Board

Richard John Wright

### Auditor

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
DK-2100 Copenhagen

### Annual general meeting

The annual general meeting is to be held on May 27th 2021

## Management's review

### Financial highlights

	2020	2019	2018	2017	2016
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Income Statement</b>					
<b>(1 January - 31 December)</b>					
Gross Profit	274.294	141.402	202.065	175.825	134.556
Operating Profit	167.637	44.200	67.793	59.106	30.487
Results from Financial activities	(53)	(30)	1.462	(688)	(304)
<b>Profit/Loss for the year</b>	<b>(155.848)</b>	<b>45.880</b>	<b>57.874</b>	<b>38.263</b>	<b>66.287</b>
<b>Balance Sheet</b>					
<b>(As per 31 December)</b>					
<b>Total Assets</b>	<b>112.956</b>	<b>243.368</b>	<b>236.626</b>	<b>241.198</b>	<b>277.996</b>
hereof:					
Cash and cash equivalents	7	7	7	8	9
Trade receivables	1.481	3.154	1.761	3.399	3.177
Tangible assets	52.400	44.021	39.999	37.493	31.949
<i>Investment in property, plant and equipment</i>	<i>15.297</i>	<i>-</i>	<i>12.753</i>	<i>9.526</i>	<i>14.269</i>
Financial assets	4.302	4.213	4.175	3.926	3.908
<b>Total Equity and liabilities</b>	<b>112.956</b>	<b>243.368</b>	<b>236.626</b>	<b>241.198</b>	<b>277.996</b>
hereof:					
Equity	(6.006)	209.842	163.962	156.088	197.825
Current Liabilities	113.983	33.526	69.112	78.007	58.357
Non-current liabilities	4.979	-	3.551	7.103	21.813
<b>(As per 31 December)</b>					
Gross margin ratio	90,6%	84,1%	83,7%	85,0%	81,0%
Net margin ratio	-51,5%	27,3%	24,0%	18,5%	39,9%
Equity ratio	-5,3%	86,2%	69,3%	64,7%	71,2%

### Financial Ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Ratios" issued by the Danish Society of Financial Analysts.

The financial ratios stated in the survey of financial highlights have been calculated as follows:

<b>Gross margin ratio</b>	$\frac{\text{Gross Profit} \times 100}{\text{Revenue}}$
<b>Net margin ratio</b>	$\frac{\text{Profit/Loss for the year} \times 100}{\text{Revenue}}$
<b>Equity ratio</b>	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$



## **Management's review**

### **Operating review 2020**

#### **Roche Innovation Center Copenhagen A/S as part of the Roche Group**

Roche Innovation Center Copenhagen A/S (hereinafter RICC A/S) is part of the Roche Group's pharma Early Research & Development organization (pRED) and performs its research activities in Hørsholm under a contract research agreement for the Group.

#### **Principal activities**

Roche Innovation Center Copenhagen is a leader in the rapidly emerging field of RNA-targeted drugs, where it is exploiting its proprietary Locked Nucleic Acid (LNA) platform to discover important novel medicines across multiple therapeutic areas. Drugs directed against RNA targets have the potential to transform human medicine, making drug discovery, development and manufacturing more efficient, faster and less error prone than ever before. At the same time, this novel class of drugs offers the means to address disease targets that have previously been undruggable with conventional drug therapies such as small molecules or antibodies.

Roche is continuously investing in its drug discovery and technology platform, bringing together a multidisciplinary team of scientists with experience, talent and commitment to deliver broadly on the promise of RNA medicines.

RICC A/S's result for 2020 is considered satisfactory with a profit before tax of DKK 167M versus previous year's profit of DKK 43M. The negative net result after tax is an extra ordinary tax payment which relates to 2015.

#### **Uncertainties relating to recognition or measurement**

There are no uncertainties related to recognition or measurement that has affected the presentation of the annual accounts for 2020, except for what is mentioned in note 12.

#### **Outlook**

The existing contract research agreement between RICC A/S and F. Hoffmann-La Roche Ltd. enables to maintain a stable financial situation and operating activities of the Company. Therefore, as part of the Roche group, RICC A/S expects a stable activity level and profit for the coming year.

#### **Risks**

The company is not exposed to any special risks besides what are normal risks of the business.

#### **Research and development activities**

The RICC team is headed by Richard John Wright and comprises research groups in chemistry, oligo synthesis, molecular biology and bioinformatics.

#### **Effect on the external environment**

Management is aware of the external environment and aims to reduce the environmental impact of the company's operations to a minimum.

#### **Human resources and intellectual capital**

It is of vital importance when dealing in research, that the employees of the company possess the required scientific expertise. This knowledge is increased and maintained through further education and by recruiting employees with a high level of education and knowledge.

## **Open issues**

The Danish Tax Agency (Skattestyrelsen) started in August 2018 a tax audit of RICC A/S relating to the fiscal years 2013 - 2017. Based on this tax audit the Danish Tax Agency concluded in September 2020 that the taxable income for the year 2015 is to be increased. This resulted in an adjustment of the tax amount for the year 2015. RICC A/S has filed a complaint against the assessment before the National Tax Tribunal (Landsskatteretten), but is simultaneously pursuing a resolution by way of a mutual agreement procedure. Further, RICC A/S has paid the additional potential tax of DKK 288M late 2020 to avoid interest and penalties to be paid in case the position of the Danish Tax Agency will be confirmed by the competent authorities/National Tax Tribunal.

## **Negative Equity**

The negative equity is caused by the extra ordinary tax payment which relates to 2015. It is expected the equity will be positive at year-end 2021, due to the cost+ setup.

Hoffmann-La Roche Ltd have issued a Letter of Support where they confirm they will provide necessary financial support at least until August 2022.

## **Subsequent events**

Operational wise the impact of COVID-19 has been limited. Guidelines from the government have been implemented and main priority has been to ensure physical & mental health and general wellbeing for all employees.

## Financial statements 1 January - 31 December

### Income statement

1 January - 31 December 2020

TDKK	Note	2020	2019
<b>Gross profit</b>		<b>274.294</b>	<b>141.402</b>
Staff costs	2	-57.666	-60.954
Research and Development costs		-42.921	-30.801
Depreciation		-6.070	-5.447
<b>Operating profit</b>		<b>167.637</b>	<b>44.200</b>
Loss from sale of tangible assets		-848	-1.028
Financial expense	3	-53	-30
<b>Operating profit before tax</b>		<b>166.736</b>	<b>43.143</b>
Tax	4	-322.584	2.738
<b>Net Profit/Loss for the year</b>	5	<b>-155.848</b>	<b>45.880</b>

## Financial statements 1 January - 31 December

### Balance sheet

31 December 2020

TDKK	Note	2020	2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	52.400	44.021
<b>Total property, plant and equipment</b>		<b>52.400</b>	<b>44.021</b>
Deposits		4.302	4.213
<b>Total investments</b>		<b>4.302</b>	<b>4.213</b>
<b>Total non-current assets</b>		<b>56.702</b>	<b>48.234</b>
Inventories		6.723	13.021
<b>Total inventories</b>		<b>6.723</b>	<b>13.021</b>
Trade receivables		1.481	3.154
Intercompany receivables		46.188	110.052
Intercompany receivables (Cash Pool)		0	66.937
Other receivables		1.406	1.580
Prepayments	7	449	383
<b>Total Receivables</b>		<b>49.524</b>	<b>182.106</b>
<b>Cash at bank and in hand</b>		<b>7</b>	<b>7</b>
<b>Total current assets</b>		<b>56.254</b>	<b>195.134</b>
<b>TOTAL ASSETS</b>		<b>112.956</b>	<b>243.368</b>

## Financial statements 1 January - 31 December

### Balance sheet

31 December 2020

TDKK	Note	2020	2019
<b>EQUITY AND LIABILITIES</b>			
Share capital	8	100.133	100.133
Retained earnings		-106.139	49.709
Proposed dividend for the financial year		0	60.000
<b>Total equity</b>		<b>-6.006</b>	<b>209.842</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Other Payables	9	4.979	0
<b>Total non-current liabilities</b>		<b>4.979</b>	<b>0</b>
<b>Current liabilities</b>			
Trade payables		6.893	5.146
Intercompany payables		33.748	2.650
Intercompany payables (Cash Pool)		51.623	0
Other payables including tax payable	9	17.019	20.123
Deferred tax liability	10	4.700	1.919
Deferred revenue	11	0	3.688
<b>Total current liabilities</b>		<b>113.983</b>	<b>33.526</b>
<b>Total liabilities</b>		<b>118.962</b>	<b>33.526</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>112.956</b>	<b>243.368</b>
Contingencies, etc.	12		
Related party disclosures and transactions	13		

## Statement of changes in equity

### Equity

	<i>Share Capital</i>	<i>Retained earnings</i>	<i>Proposed dividend for the financial year</i>	<i>Total</i>
<b>TDKK</b>				
<b>Equity 1 January 2020</b>	<b>100.133</b>	<b>49.709</b>	<b>60.000</b>	<b>209.842</b>
Distributed dividend	0	0	-60.000	-60.000
Net profit for the year	0	-155.848	0	-155.848
<b>Equity 31 December 2020</b>	<b>100.133</b>	<b>-106.139</b>	<b>0</b>	<b>-6.006</b>

## Notes to the financial statements

### 1 Accounting policies

The annual report of Roche Innovation Center Copenhagen A/S for 2020 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

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

With reference to the Danish Financial Statements Act section 86(4), the cash flow statement is omitted. Instead we refer to the Annual Report for Roche Holding AG, Basel, Switzerland. This can be found on <https://www.roche.com/investors.htm>.

The functional currency is DKK and is unchanged compared to prior years.

### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date.

Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or expense.

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

## Notes to the financial statements

### 1 Accounting policies (continued)

#### Income Statement

##### Revenue

Income from up-front payments, milestone payments, and other income from research and development contracts is recognized in accordance with the terms of the agreements, when it is considered realized or realizable and earned, when the amount of revenue can be measured reliably, and when the economic benefit associated with the transaction will flow to the company.

The company defers recognition of non-refundable upfront fees and recognize them into revenue on a straight-line basis over the estimated period of the company's expected performance. The period over which the revenue is recognized may be adjusted to take into account any delays or acceleration in the development of the applicable product candidate or any extension or shortening of the applicable performance period.

##### Gross profit

With reference to the Danish Financial Statements Act section 32, management decided to aggregate gross revenue, cost of sales and other external cost and disclose only gross profit.

##### Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

##### Other external costs

Other external costs comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities such as infrastructure costs, consulting fees, communication and legal costs.

##### Staff cost

Staff cost includes wages and salaries, social security cost and other employee related cost.

##### Research and development costs

Research and development costs include research costs and costs of development projects that do not meet the criteria for recognition in the balance sheet.

##### Depreciation and impairment losses

Depreciation and impairment losses relating to tangible assets and property, plant and equipment comprise depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets. Impairment tests are performed whenever internal or external indicators suggest that the value of an asset may be impaired.



## Notes to the financial statements

### 1 Accounting policies (continued)

#### Loss from sale of tangible assets

Loss from sale of tangible assets comprises items secondary to the activities of the company, including gain on the disposal of property, plant and equipment.

#### Financial expenses

Financial expenses comprise interest, realized and unrealized exchange adjustment etc.

#### Tax

Tax for the year, which consist of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity. The tax effect of 2015 taxable income adjustments claimed by the Danish Tax Authorities has been booked as "Adjustment to previous year tax income" in the Income statement.

The Company is jointly taxed with other Danish associated companies. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

## Balance accounts

#### Property, plant and equipment

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided under the straight-line method over the following periods:

Equipment	3 - 10 years
Leasehold Improvement	5 - 10 years
IT & Software	3 - 5 years

The useful life and residual value are reassessed annually. Scrap value is estimated to 0. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. Property, plant and equipment and Leasehold improvements are written down to the lower of recoverable amount and carrying amount.

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

#### Leases

Payments relating to operating Leases and other leases are recognized in the income statement over the term of the Lease. The company's total obligation relating to operating Leases and other leases is disclosed as well as contractual obligations and contingencies, etc.

## Notes to the financial statements

### 1 Accounting policies (continued)

#### Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life. Previously recognised write-downs are reversed when the basis for the write-down no longer exists.

#### Inventories

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

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

#### Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses based on an individual assessment of receivables.

#### Prepayments

Prepayments assets, comprise costs incurred concerning subsequent financial years.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are subject to an insignificant risk of changes in value. The entity does not hold any short-term marketable securities.

## Notes to the financial statements

### 1 Accounting policies (continued)

#### Equity

##### Dividends

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate line under equity.

##### Corporation tax and deferred tax

The Company is covered by the Danish rules of compulsory joint taxation of the Roche Groups Danish affiliates. Roche A/S (CVR 25230515) is the administration company for the joint taxation and as such, settles all payments of corporate taxes towards tax authorities.

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account. Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office buildings non-deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

##### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

##### Deferred revenue

Deferred revenue comprises received income for recognition in subsequent, financial years. Deferred revenue is measured at cost.

## Notes to the financial statements

	<b>2020</b>	<b>2019</b>
	<b>TDKK</b>	<b>TDKK</b>
<b>2 Staff Costs</b>		
Wages and salaries	50.836	53.012
Pensions	3.716	4.314
Other social security costs	214	222
Other staff costs	2.900	3.407
<b>Total staff costs</b>	<b>57.666</b>	<b>60.954</b>
<b>Average number of full-time employees</b>	<b>63</b>	<b>65</b>
<p>Remuneration of the Company's Management and Board of Directors is not disclosed pursuant to section 98b(3)(ii) of the Danish Financial Statements Act.</p>		
<b>Long-term award program</b>		
<p>The program consists of a mix of Stock-Settled Stock Appreciation Rights (S-SARs) and Performance Share Plan (PSP) the employee can decide on a preferred mix based on available combinations. The long-term award program is granted by the Roche Group exclusive to selected employees of RICC A/S. Concerning all activity regarding RICC A/S the long-term award program is solely offered to RICC A/S employees. The total costs related to the long-term award program of DKK 283 thousand (2019: DKK 207 thousand) is included in staff costs and not further detailed as per the Danish Financial Statement Act, sec. 98 (2), 2.</p>		
<b>3 Financial expense</b>		
Intercompany interest expense	-43	-23
Other financial expense	-10	-7
<b>Total financial expense</b>	<b>-53</b>	<b>-30</b>
<b>4 Tax on profit</b>		
Current tax	33.406	0
Change in deferred tax	2.781	254
Adjustment to previous year tax income	286.397	-2.992
<b>Tax in the year</b>	<b>322.584</b>	<b>-2.738</b>
<b>5 Proposed distribution of profit</b>		
Proposed dividends for the financial year	0	60.000
Retained earnings	-155.848	-14.120
<b>Net Profit for the year</b>	<b>-155.848</b>	<b>45.880</b>

## Notes to the financial statements

### 6 Property, plant and equipment

TDKK	IT & Software	Leasehold Improvement	Equipment	Total
Cost at 1 January 2020	1.193	6.136	59.744	67.073
Additions	1.754	11.064	2.479	15.297
Disposal	0	0	-1.319	-1.319
<b>Cost at 31 December 2020</b>	<b>2.947</b>	<b>17.200</b>	<b>60.904</b>	<b>81.051</b>
Depreciation at 1 January 2020	-1.101	-2.058	-19.893	-23.052
Depreciation	-79	-506	-5.485	-6.070
Disposal	0	0	471	471
<b>Depreciation at 31 December 2020</b>	<b>-1.180</b>	<b>-2.564</b>	<b>-24.907</b>	<b>-28.651</b>
<b>Carrying amount at 31 December 2020</b>	<b>1.767</b>	<b>14.636</b>	<b>35.997</b>	<b>52.400</b>
<b>Depreciated over</b>	<b>3-5 years</b>	<b>5-10 years</b>	<b>3-10 years</b>	

### 7 Prepayments

Prepayments of DKK 449 thousand (2019: DKK 383 thousand) are mainly related to prepaid service contracts and prepaid salary.

## Notes to the financial statements

<b>8 Share capital comprises of:</b>	<b>TDKK</b>
Share capital of DKK 1.00	100.133

<b>Development in share capital</b>	<b>TDKK</b>
Capital increase 2017	0
Capital increase 2018	0
Capital increase 2019	0
<b>Share capital as per 31 December 2020</b>	<b><u>100.133</u></b>

*All shares rank equally.*

	<b>2020</b>	<b>2019</b>
	<b>TDKK</b>	<b>TDKK</b>
<b>9 Other Payables</b>		
Employee related compensation and benefits	2.818	6.654
Non-current liabilities other than provisions	4.979	0
Other	14.201	13.469
<b>Total other payables</b>	<b><u>21.998</u></b>	<b><u>20.123</u></b>

<b>10 Deferred Tax Liability</b>		
License rights and patents	0	-725
PP&E	5.997	5.983
Deferred income	-99	-727
Equity compensation plans	-845	-1.191
Loss carryforward	0	-1.421
Deferred Tax Asset - Restructuring Provision	-353	0
<b>Deferred tax liability total</b>	<b><u>4.700</u></b>	<b><u>1.919</u></b>

<b>11 Deferred Revenue</b>		
Deferred revenue, non-current	0	0
Deferred revenue, current	0	3.688
<b>Total deferred revenue</b>	<b><u>0</u></b>	<b><u>3.688</u></b>

Deferred revenue of DKK 0 thousand (2019: DKK 3.688 thousand) comprise payments received from research collaborations that cannot be recognised until subsequent financial years.

## Notes to the financial statements

### 12 Contingencies, etc.

#### Lease obligations

The Company has entered into operating leases regarding car and other equipments. The remaining payments for lease obligations amount to DKK 1.065 thousand (2019: DKK 246 thousand) of which DKK 497 thousand is due within the next 12 months.

#### Rent obligations

The Company leases office and laboratory space under a cancellable operation lease agreement, subject to a 6 months notification period. Therefore, a lease term of six months is considered as the company's commitment which equals DKK 4,250 thousands as of December 31, 2020 for a yearly rent of DKK 8,499 thousands.

#### Contingent Assets

The Danish Tax Agency (Skattestyrelsen) has adjusted RICC A/S' taxable income for the year 2015. RICC A/S has appealed the decision from Skattestyrelsen to the Danish Tax Tribunal, as management believes the company's taxable income for 2015 is correct. On November 18, 2020 the company paid an amount of DKK 288 million to Skattestyrelsen, to avoid interest and penalties, which will be paid back fully/partly if the appeal of RICC A/S is fully/partly heard. The amount cannot be determined at this stage.

#### Tax obligations

The company participates in a Danish joint taxation arrangement in which Roche A/S (CVR 25230515) serves as the administration company. According to the joint taxation provision rules in the Danish Corporation Tax Act, the company is therefore liable from 2 September 2014 for income taxes etc., obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed companies.

### 13 Related party disclosures and transactions

The company is a 100% owned subsidiary. The company is part of the consolidated financial statements of Roche Holding AG, Grenzacherstrasse 124, 4002 Basel, Switzerland, in which the Company is included as a subsidiary.

The consolidated financial statements of Roche Holding AG can be obtained by contacting the Company or at the following website: <http://www.roche.com/investors.htm>.

Transactions with related parties consist exclusively of purchasing goods and services, selling goods and services as well as licensing and selling intellectual property to/from group companies.

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## Notes to the financial statements

	<b>2020</b>	<b>2019</b>
	<b>TDKK</b>	<b>TDKK</b>
Purchase of services/goods from group enterprises	-41.336	-16.234
Sale of services/goods sold to group enterprises	142.693	172.962
Income relating to intangible assets from group enterprises	156.879	75.569
Expenses relating to intangible assets	-25	-31.174
<b>Total related party transactions</b>	<b><u>258.211</u></b>	<b><u>201.124</u></b>

Purchase of products and services are bought from group enterprises on normal commercial terms and conditions.

The company's balances with group enterprises at December 31, 2020 are recognized in the balance sheet. Interest income and expenses with respect to group enterprises are disclosed in note 3. Further, balances with group enterprises comprise trade balances related to the purchase and sale of goods and services.

Purchases of services and goods from group enterprises consist of instruments, reagents and chemicals used in the laboratories as well as laboratory equipment services. Sale of services and goods to group enterprises consist of R&D services and LNA-Monomers used for R&D. Income relating to intangible assets consists of selling intellectual property rights to group enterprises. Expenses relating to intangible assets consists of licensing intellectual property rights from group enterprises.

No transactions have been carried out with the Board of Directors, the Executive Management, senior employees, major shareholders or other related parties, apart from ordinary remuneration.



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