Center for Clinical and Basic Research A/S

Ballerup Byvej 222, 2750 Ballerup

CVR no. 21 14 27 43

Annual report
for the year 1 January - 31 December 2019

Approved at the Company's annual general meeting on 21 September 2020

Chairman:

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Julia Mary James

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Center for Clinical and Basic Research A/S for the financial year 1 January - 31 December 2019.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 21 September 2020
Executive Board:

Jill Marie Pellegrino	Ivo Valter

Board of Directors:

Julia Mary James Chairman	Jill Marie Pellegrino	Riaan van Tonder

Independent auditor's report

To the shareholders of Center for Clinical and Basic Research A/S

Opinion

We have audited the financial statements of Center for Clinical and Basic Research A/S for the financial year 1 January - 31 December 2019, which comprise 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 financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the 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.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Independent auditor's report

- 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 note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on 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, 21 September 2020
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Birgit Morville Schrøder
State Authorised Public Accountant
mne21337

Management's review

Company details

Name	Center for Clinical and Basic Research A/S
Address, Postal code, City	Ballerup Byvej 222, 2750 Ballerup
CVR no.	21 14 27 43
Established	1 September 1998
Registered office	Ballerup
Financial year	1 January - 31 December
Board of Directors	Julia Mary James, Chairman Jill Marie Pellegrino Riaan van Tonder
Executive Board	Jill Marie Pellegrino Ivo Valter
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Business review

During the year, the Company disposed of a branch in Germany.

In August 2019, the Company acquired trade and assets of a clinical trials business based in Denmark, including its investments in 6 subsidiaries, reference is made to the notes for investments.

As of 3 September 2019, the company was acquired by the PPD group. PPD is a global contract research organization (CRO), a leading provider of drug development services to the biopharmaceutical industry.

The Company is solely dedicated to carrying out clinical research trials on behalf of customers. Our industry leading, highly experienced investigators focus all their energy on clinical research and helping our customers to deliver life-changing therapies to patients.

Unusual matters having affected the financial statements

Going concern

The Company's current liabilities totalled DKK 193 million, compared to non-fixed assets of DKK 56 million at 31 December 2019. The Company's aggregate current liabilities primarily consist of payables to group entities, DKK 149 million. The Company is to a wide extent financed by way of short-term loans made available by the group. Management has received a financial comfort letter which enables the Company to continue as going concern by way of new loans, capital injections and/or IC payables not to repaid unless the Company has the means to do so,

The PPD group has confirmed that it will continue to provide the necessary financial support in order for the Company to pay its obligations as they fall due.

Reference is made to note 2 for more details.

Financial review

The income statement for 2019 shows a loss of DKK 47,356 thousand against a loss of DKK 8,696 thousand last year, and the balance sheet at 31 December 2019 shows a negative equity of DKK 22,342 thousand.

The Company's financial performance for 2019, being the pre tax results for the year, has been negatively impacted by one-off losses on impairment of receivables from related parties, in particular the impairment of receivables from CCBR Hong Kong and CCBR Lithuania, entities which are in the process of being wound down. Impairment of intercompany receivables amounted to DKK 36 million which are recognised as part of the external expenses for the year.

The result for the year was also negatively impacted by the exchange rate losses (due to the appreciation of the US Dollar) and interest expenses, reference is made to the notes for finance expenses.

The company considers the financial performance in line with expectations considering the company's current operations.

At 31 December 2019, retained earnings are negative. Management expects to recover the negative retained earnings through future income from own operations. As of 1 January 2020, the company is working under a cost plus arrangement providing intra group services to other group companies.

Knowledge resources

The Company's primary activities are, as mentioned under the section “The Company's businessreview”, to perform clinical studies in various therapeutic areas.

It is imperative that all of the Company’s operations are conducted in line with Good Clinical Practice (GCP).

These are a comprehensive set of principles that set the ethical and scientific quality standards for designing, conducting, recording and reporting trials that involve human subjects. The aim is to provide public assurance that the rights, safety and well-being of trial subjects are protected and the clinical trial data is credible.

Management's review

The Board and senior management, including centre managers and research physicians, are dedicated to ensuring that the Company complies with GCP via our policies and procedures. The Company recognises that staff training is key to its success and has established training programmes to cover GCP and its practical application.

Foreign branches

The Company disposed their branch in Germany in 2019.

Events after the balance sheet date

On March 11 2020, the World Health Organization (“WHO”) recognized COVID-19 as a global pandemic. The disease is a novel virus that is easily spread through humans and in which no known medicinal cure or vaccine is available as of the date of financial statement signing. In order to impede the spread of the virus and lessen the impact on the healthcare system, countries have responded in various ways such as imposing travel restrictions, instituting social distancing measures, introducing remote-working capabilities and many others.

In response to the global pandemic, PPD has created a pandemic response committee, to help manage the Company’s response to the pandemic focused on the health and safety of our employees and patients and business continuity, preserving the integrity of the work we do for our customers, including support for vaccines and anti-viral therapies for COVID-19.

Sites have remained open in line within Government guidelines and the Company has adopted new video-enhanced visits and other remote connection technologies where appropriate to enable continuation of clinical trials and the provision of essential therapies to patients.

Management has considered that COVID 19 is a non adjusting event and hence, no figures has been changed in the financial statements 2019.

No events materially affecting the Company's financial position have occurred subsequent to thefinancial year end.

Reference is made to note 3.

Outlook

Management can not quantify the financial impact from COVID-19 on their operations including results from investments.

Due to a intra-group services delivered in 2020, management expects the Company to be profitable in the coming financial year.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2019	2018
	Revenue	40,638	6,056
	Raw materials and consumables	-22,673	0
4	Other external expenses	-40,313	-1,161
	Gross profit	-22,348	4,895
5	Staff costs	-17,692	-4,986
6	Amortisation/depreciation of intangible assets and property, plant and equipment	-1,421	-35
	Other operating expenses	-199	0
	Profit/loss before net financials	-41,660	-126
	Income from investments in group entities	2,960	13,043
7	Financial income	4,526	0
8	Financial expenses	-12,877	-21,497
	Profit/loss before tax	-47,051	-8,580
9	Tax for the year	-305	-116
	Profit/loss for the year	-47,356	-8,696

	Recommended appropriation of profit/loss		
	Net revaluation reserve according to the equity method	17,061	0
	Retained earnings/accumulated loss	-64,417	-8,696
		-47,356	-8,696

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2019	2018
	ASSETS		
	Fixed assets		
10	Intangible assets		
	Acquired intangible assets	299	0
	Goodwill	13,409	0
		13,708	0
11	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	810	73
	Leasehold improvements	1,208	0
		2,018	73
12	Investments		
	Investments in group entities	97,441	261,042
	Other receivables	0	56
	Deposits, investments	2,310	0
		99,751	261,098
	Total fixed assets	115,477	261,171
	Non-fixed assets		
	Receivables		
	Trade receivables	10,772	0
13	Work in progress for third parties	28,466	0
	Receivables from group entities	1,834	0
	Income taxes receivable	349	2,789
	Joint taxation contribution receivable	0	426
14	Other receivables	3,702	0
	Prepayments	576	13
		45,699	3,228
	Cash	10,358	1,256
	Total non-fixed assets	56,057	4,484
	TOTAL ASSETS	171,534	265,655

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2019	2018
	EQUITY AND LIABILITIES		
	Equity		
15	Share capital	10,000	10,000
	Net revaluation reserve according to the equity method	17,306	0
	Retained earnings	-49,648	14,769
	Total equity	-22,342	24,769
	Liabilities other than provisions		
17	Non-current liabilities other than provisions		
	Other payables	1,296	0
		1,296	0
	Current liabilities other than provisions		
	Lease liabilities	73	0
13	Prepayments on work in progress	1,865	0
	Trade payables	29,900	25
	Payables to group entities	148,770	240,381
	Income taxes payable	0	119
	Other payables	11,972	361
		192,580	240,886
	Total liabilities other than provisions	193,876	240,886
	TOTAL EQUITY AND LIABILITIES	171,534	265,655

1 Accounting policies
2 Going concern uncertainties
3 Events after the balance sheet date
4 Special items
18 Contractual obligations and contingencies, etc.
19 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
Equity at 1 January 2018	10,000	0	21,839	31,839
Transfer through appropriation of loss	0	0	-8,696	-8,696
Exchange adjustment	0	0	1,626	1,626
Equity at 1 January 2019	10,000	0	14,769	24,769
Transfer through appropriation of loss	0	17,061	-64,417	-47,356
Exchange adjustment	0	245	0	245
Equity at 31 December 2019	10,000	17,306	-49,648	-22,342

At 31 December 2019, retained earnings are negative. Management expects to recover the negative retained earnings through future income from own operations.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Center for Clinical and Basic Research A/S for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements. The financial statements of the Company and subsidiaries are included in the consolidated financial statements 2019 of PPD Inc., USA.

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

Basis of recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Income statement

Revenue

The Company has chosen IAS 18 as interpretation for revenue recognition.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including losses on the sale of fixed assets.

Cost of sales

Cost of sales comprises direct expenses related to completion of clinical studies measured at cost.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management’s experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 10 years.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	3-5 years
Goodwill	10 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Profit from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year comprises current corporation tax, joint taxation contributions for the year and changes in deferred tax for the year – including changes resulting from changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management’s experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period.

Other intangible assets include acquired intangible rights, including software licences.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Investments in subsidiaries

Equity investments in subsidiaries are measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Work in progress for third parties

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash at hand and in bank comprise cash and bank deposits.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount. Any negative net revaluation reserves are not recognised in equity.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Deferred tax is measured according to 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. Deferred tax assets are recognised at the expected value of their utilisation; 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

As management company for all the entities in the joint taxation arrangement, the parent company is liable for payment of the subsidiaries' income taxes vis à vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

Liabilities

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

Other liabilities are measured at net realisable value.

2 Going concern uncertainties

The Company's current liabilities totalled DKK 193 million, compared to non-fixed assets of DKK 56 million at 31 December 2019. The Company's aggregate current liabilities primarily consist of payables to group entities, DKK 149 million. The Company is to a wide extent financed by way of short-term loans made available by the group. Management has received a financial comfort letter which enables the Company to continue as going concern by way of new loans, capital injections and/or IC payables not to repaid unless the Company has the means to do so,

PPD LLC, US, has confirmed that it will continue to provide the necessary financial support in order for the Company to pay its obligations as they fall due.

3 Events after the balance sheet date

On March 11 2020, the World Health Organization (“WHO”) recognized COVID-19 as a global pandemic. The disease is a novel virus that is easily spread through humans and in which no known medicinal cure or vaccine is available as of the date of financial statement signing. In order to impede the spread of the virus and lessen the impact on the healthcare system, countries have responded in various ways such as imposing travel restrictions, instituting social distancing measures, introducing remote-working capabilities and many others.

In response to the global pandemic, PPD has created a pandemic response committee, to help manage the Company’s response to the pandemic focused on the health and safety of our employees and patients and business continuity, preserving the integrity of the work we do for our customers, including support for vaccines and anti-viral therapies for COVID-19.

Sites have remained open in line within Government guidelines and the Company has adopted new video-enhanced visits and other remote connection technologies where appropriate to enable continuation of clinical trials and the provision of essential therapies to patients.

Management has considered that COVID 19 is a non adjusting event and hence, no figures has been changed in the financial statements 2019.

No events materially affecting the Company's financial position have occurred subsequent to thefinancial year end.

4 Special items

Special items for the year includes impairment of intercompany receivables amounting to DKK 36 million which are recognised as part of the external expenses for the year.

Financial statements 1 January - 31 December

Notes to the financial statements

	DKK'000	2019	2018
5	Staff costs		
	Wages/salaries	16,369	4,638
	Pensions	1,112	0
	Other social security costs	211	348
		17,692	4,986
	Average number of full-time employees	28	7

The average number of employees is impacted by no employees for the period January 2019 - August 2019.

	DKK'000	2019	2018
6	Amortisation/depreciation of intangible assets and property, plant and equipment		
	Amortisation of intangible assets	748	35
	Depreciation of property, plant and equipment	673	0
		1,421	35

	DKK'000	2019	2018
7	Financial income		
	Interest receivable, group entities	4,288	0
	Other interest income	238	0
		4,526	0

	DKK'000	2019	2018
8	Financial expenses		
	Interest expenses, group entities	4,569	10,659
	Other interest expenses	71	0
	Exchange losses	8,237	10,838
		12,877	21,497

	DKK'000	2019	2018
9	Tax for the year		
	Estimated tax charge for the year	227	542
	Tax adjustments, prior years	78	0
	Refund in joint taxation	0	-426
		305	116

The estimated tax charge in prior year related to the German Branch. The estimated refund in joint taxation in 2018 related to the Danish joint taxation with other Danish companies.

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Notes to the financial statements

10 Intangible assets

DKK'000	Acquired intangible assets	Goodwill	Total
Additions in the year	4,682	13,992	18,674
Cost at 31 December 2019	4,682	13,992	18,674
Accumulated amortisation, additions	4,218	0	4,218
Amortisation/depreciation in the year	165	583	748
Impairment losses and amortisation at 31 December 2019	4,383	583	4,966
Carrying amount at 31 December 2019	299	13,409	13,708
Amortised over	3-5 years	10 years	

Goodwill primarily consists of know-how relating to the acquired activities during 2019.

11 Property, plant and equipment

DKK'000	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2019	2,399	0	2,399
Additions on merger / corporate acquisition	15,617	9,629	25,246
Disposals in the year	-2,399	0	-2,399
Cost at 31 December 2019	15,617	9,629	25,246
Impairment losses and depreciation at 1 January 2019	2,326	0	2,326
Accumulated impairment losses and depreciation of additions through mergers and business combinations	14,317	8,238	22,555
Amortisation/depreciation in the year	490	183	673
Reversal of prior-year impairment losses	-2,326	0	-2,326
Impairment losses and depreciation at 31 December 2019	14,807	8,421	23,228
Carrying amount at 31 December 2019	810	1,208	2,018
Depreciated over	3-5 years	3-5 years	

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12 Investments

DKK'000	Investments in group entities	Other receivables	Deposits, investments	Total
Cost at 1 January 2019	430,292	56	0	430,348
Additions on merger / corporate acquisition	0	0	2,310	2,310
Additions in the year	80,137	0	0	80,137
Disposals on demerger and sale of other enterprise	0	-56	0	-56
Disposals in the year	-430,292	0	0	-430,292
Cost at 31 December 2019	80,137	0	2,310	82,447
Value adjustments at 1 January 2019	-169,250	0	0	-169,250
Exchange rate adjustment	245	0	0	245
Dividend distributed	-175,437	0	0	-175,437
Share of the profit after tax	2,960	0	0	2,960
Reversal of revaluation of sold investments	358,786	0	0	358,786
Value adjustments at 31 December 2019	17,304	0	0	17,304
Carrying amount at 31 December 2019	97,441	0	2,310	99,751

Name	Legal form	Domicile	Interest
Subsidiaries			
CCBR Estonia	AS	Estonia	100.00%
UAB CCBR Lithuania	UAB	Lithuania	100.00%
CCBR Beijing, China	Corp	China	100.00%
DDF Estonia	DDF	Estonia	100.00%
DDF Lithuania	DDF	Lithuania	100.00%
CCBR Asia Hong Kong	Ltd.	Hong Kong	100.00%

DKK'000	2019	2018
13 Work in progress for third parties		
Work in progress for third parties (assets)	28,466	0
Work in progress for third parties (liabilities)	-1,865	0
	26,601	0

DKK'000	2019	2018
14 Other receivables		
Franchise loan receivables	2,079	0
Franchise clinical study receivables	1,623	0
	3,702	0

Other receivables comprise of franchise loan receivables. As of 31 December 2019, the franchise loan receivables expected to be collected after 12 months are DKK 1,834 thousand.

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DKK'000	2019	2018
15 Share capital		
Analysis of the share capital:		
10,000 shares of DKK 1,000.00 nominal value each	10,000	10,000
	10,000	10,000

The Company's share capital has remained DKK 10,000 thousand over the past 5 years.

16 Deferred tax

At 31 December 2019, the Company had a deferred tax asset. As it is uncertain if these tax losses can be utilised within a foreseeable future, the carrying amount of the deferred tax asset has not been recognised in the financial statements.

17 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2019	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other payables	1,296	0	1,296	0
	1,296	0	1,296	0

Other payables relates to the accrued holiday allowance for the period 1 September 2019 - 31 December 2019 under the new Danish Holiday Act. The accrued holiday allowance is recognised and presented as long-term debt at 31 December 2019, and expected maturity is below 5 years.

18 Contractual obligations and contingencies, etc.

Other contingent liabilities

DKK'000	2019	2018
Lease contract commitments	12,706	1,264
	12,706	1,264

Contractual commitments relate to the rent contracts with termination clauses.

The Company is jointly taxed with its sister company which acts as management company, and has limited and alternative liability together with other jointly taxed group entities for payment of income taxes for income year 2019 and onwards as well as withholding taxes on interest, royalties and dividends falling due for payment.

19 Related parties

Center for Clinical and Basic Research A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Synarc Inc.	7707 Gateway Boulevard, 3rd floor, Newark CA 94560, USA	Shareholder
PPD Inc.	929 North Front Street, Wilmington, NC 28401-3331, USA	Ultimate parent company

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Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
PPD Inc.	2005 S. Easton Road, Ste. 304, Doylestown PA 18901, USA	www.ppd.com

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Name	Domicile
Synarc Inc., USA	7707 Gateway Boulevard, 3rd floor, Newark CA 94560, USA