

Center for Clinical and Basic Research A/S


Ballerup Byvej 222, 2750 Ballerup

**Annual report for the period
1 January to 31 December 2022**

CVR no. 21 14 27 43

Adopted at the annual general meeting on 3 August 2023

chairman: Julia Mary James

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Penneo dokumentnøgle: AFMT7-YWC88-MAXTQ-IPWJ6-PE1AY-LDQF6

Table of contents

	Page
Statements	
Statement by management on the annual report	1
Independent auditor's report	2
 Management's review	
Company details	5
Financial highlights	6
Management's review	7
 Financial statements	
Income statement 1 January - 31 December	9
Balance sheet 31 December	10
Statement of changes in equity	12
Notes	13
Accounting policies	19

Statement by management on the annual report

The Board of Directors and executive board have today discussed and approved the annual report of Center for Clinical and Basic Research A/S for the financial year 1 January - 31 December 2022.

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 company's financial position at 31 December 2022 and of the results of the company's operations for the financial year 1 January - 31 December 2022.


In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Copenhagen, 3 August 2023

Executive board

Jason James Berg
CEO

DocuSigned by:
Board of Directors

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Julia Mary James
chairman

DocuSigned by:
PETRUS VAN DER ZANDE

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Petrus Thomas Adrianus van der
Zande

DocuSigned by:
Jason Berg

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Jason James Berg

Independent auditor's report

To the shareholder 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 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2022 and of the results of the company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We refer to note 1 in the financial statements and the managements review, which reflect that Management intends to discontinue the Company's operations and commence voluntary winding-up proceedings in 2023.

Recognition, measurement, classification and preparation of the accounting items of the annual accounts etc. are made taking into account that the company's assets and liabilities will be realised. Thus, the Management has decided to prepare the annual accounts according to the realization principle (not going concern).

We have not modified our opinion in respect of this matter.

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 the 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 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 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on management's review

Management is responsible for management's review.

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

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

Independent auditor's report

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

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

Copenhagen, 3 August 2023

Ecovis Danmark
statsautoriseret revisionsinteressentskab
CVR no. 28 93 95 23

Jerrik Olsen
State Authorized Public Accountant
MNE no. mne46584

Company details

The company

Center for Clinical and Basic Research A/S
Ballerup Byvej 222
2750 Ballerup

Telephone: 4468 4600

CVR no.: 21 14 27 43

Reporting period: 1 January - 31 December 2022

Incorporated: 1 September 1998

Domicile: Ballerup

Board of Directors

Julia Mary James, chairman
Petrus Thomas Adrianus van der Zande
Jason James Berg

Executive board

Jason James Berg, CEO

Auditors

Ecovis Danmark
statsautoriseret revisionsinteressentskab
Vendersgade 28 st. th
1363 København K

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	88.098	94.361	120.590	40.638	6.056
Gross profit	23.003	25.982	58.977	-22.347	4.895
Profit/loss before net financials	239	-20.433	20.936	-42.043	12.916
Profit/loss for the year	2.735	-23.764	4.799	-47.356	-8.696
Balance sheet					
Balance sheet total	77.982	75.316	152.308	171.534	265.655
Equity	-35.697	-37.633	-18.712	-22.342	24.769
Number of employees	18	31	54	28	7
Financial ratios					
EBIT margin	0,3%	-21,7%	17,4%	-103,5%	213,3%
Current ratio	26,7%	23,6%	29,7%	29,1%	1,9%
Solvency ratio	-45,8%	-50,0%	-12,3%	-13,0%	9,3%
Return on equity	-7,5%	84,4%	-23,4%	-3.902,4%	-30,7%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies..

Where the accounting policies have been changed, the comparatives for 2018 onwards have been restated. For an account of changes in accounting policies, see the summary of significant accounting policies.

Management's review

Business review

The Company is dedicated to carrying out clinical research trials on behalf of customers, and is part of the PPD group. PPD is a global contract research organization (CRO), a leading provider of drug development services to the biopharmaceutical industry. Our industry leading, highly experienced investigators focus all their energy on clinical research and helping our customers to deliver life changing therapies to patients.

In 2022 the Management decided that the company's activities should be discontinued and the company is expected to be dissolved by voluntary solvent liquidation in 2023 or beginning of 2024.

At the time of the preparing of the annual report for 2022, all of the Company's employees have been dismissed, the Company's lease of premises has been terminated and there is no activity.

Unusual matters

As a result of the Management's decision to discontinue the company's activities and dissolve the company, the annual accounts are prepared according to the realization principle (not going concern). Reference is made to the accounting policies for more details.

Financial review

The company's income statement for the year ended 31 December 2022 shows a profit of DKK 2.735.461, and the balance sheet at 31 December 2022 shows negative equity of DKK 35.697.311.

The company is exposed to fluctuations in the USD exchange rate due to intercompany balances nominated in USD. The result for the year is positively impacted by exchange rate adjustments on the intercompany balances, see note 5.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Expected development of the company, including specific prerequisites and uncertainties

As stated above the Management has decided to discontinue the Company's activities and dissolve the Company in H2 2023 or beginning of 2024.

To be able to complete the dissolution of the Company as a voluntary solvent liquidation the Company's share capital has to be reestablished. It is the Management's expectations that the reestablishment through a combination of reduction in the share capital and a conversion of intercompany debt.

In 2023 there will costs related to the closure of the Company.

Management's review

The company's knowledge resources if of particular importance to its future earnings

Due to the Management's decision to close the Company, there is no longer a need to retain and attract qualified employees.

Impact on the external environment and measures taken to prevent, reduce or mitigate damage

The Company is a service provider and does not impact the environment significantly. The Company is not involved in any legal matters due to environmental circumstances.

Profit/(loss) for the year relative to the expectations most recently expressed

For 2022, the Management expected revenue in the range of DKK 80-100 million and a pre-tax profit in the range DKK 0-10 million. The revenue and profits for 2022 is in line with the expected.

Description of the company's use of financial instruments

The company's exposure to price, credit, liquidity and cash flow risks

The company is exposed to fluctuations in the USD exchange rate due to intercompany balances nominated in USD.

The company is exposed to fluctuations in the short term interest as the company holds intercompany debt subject to interests.

Income statement 1 January - 31 December

	Note	2022 DKK	2021 DKK
Revenue		88.097.967	94.360.669
Other operating income		0	1.453.642
Raw materials and consumables		-48.976.231	-55.391.939
Other external expenses		-16.118.911	-14.440.181
Gross profit		23.002.825	25.982.191
Staff costs	2	-22.069.753	-25.430.020
Profit/loss before amortisation/depreciation and impairment losses		933.072	552.171
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-694.375	-12.992.992
Other operating costs	4	0	-7.991.818
Profit/loss before net financials		238.697	-20.432.639
Income from investments in subsidiaries		-2.817.203	-2.996.035
Financial income	5	6.269.299	6.861.475
Financial costs	6	-1.051.483	-1.396.816
Profit/loss before tax		2.639.310	-17.964.015
Tax on profit/loss for the year	7	96.151	-5.799.841
Profit/loss for the year		2.735.461	-23.763.856
Distribution of profit	8		

Balance sheet 31 December

	Note	2022 DKK	2021 DKK
Assets			
Other fixtures and fittings, tools and equipment	9	0	339.406
Leasehold improvements	9	0	354.969
Tangible assets		0	694.375
Investments in group entities	10	47.671.019	51.365.680
Deposits		0	2.908.548
Fixed asset investments		47.671.019	54.274.228
Total non-current assets		47.671.019	54.968.603
Trade receivables		862.632	2.586.200
Contract work in progress	11	106.246	1.352.497
Receivables from group entities		14.771.339	4.227.692
Other receivables	12	1.119.909	1.730.583
Prepayments	13	0	244.219
Receivables		16.860.126	10.141.191
Cash at bank and in hand		13.450.497	10.205.834
Total current assets		30.310.623	20.347.025
Total assets		77.981.642	75.315.628

Balance sheet 31 December

	Note	2022 DKK	2021 DKK
Equity and liabilities			
Share capital		10.000.000	10.000.000
Reserve for net revaluation under the equity method		7.259.339	10.954.000
Retained earnings		-52.956.650	-58.587.221
Equity	14	-35.697.311	-37.633.221
Payables to group entities		0	26.865.674
Total non-current liabilities		0	26.865.674
Trade payables		663.305	11.711
Prepayments received recognised in debt	11	2.320.571	3.110.190
Payables to group entities		91.639.338	72.708.042
Corporation tax		751.212	1.239.854
Other payables		18.304.527	9.013.378
Total current liabilities		113.678.953	86.083.175
Total liabilities		113.678.953	112.948.849
Total equity and liabilities		77.981.642	75.315.628

Statement of changes in equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 January 2022	10.000.000	10.954.000	-58.587.221	-37.633.221
Exchange adjustment, foreign	0	-799.551	0	-799.551
Net profit/loss for the year	0	0	5.630.571	5.630.571
Profit/loss from investments in subsidiaries	0	-2.895.110	0	-2.895.110
Equity at 31 December 2022	10.000.000	7.259.339	-52.956.650	-35.697.311

Notes

1 Going concern

In 2022 the Management decided that the company's activities should be discontinued and the company is expected to be dissolved by voluntary solvent liquidation in 2023 or beginning of 2024.

At the time of the preparing of the annual report for 2022, all of the Company's employees have been dismissed, the Company's lease of premises has been terminated and there is no activity.

As a result of the Management's decision to discontinue the company's activities and dissolve the company, the annual accounts are prepared according to the realization principle (not going concern). Reference is made to the accounting policies for more details.

2 Staff costs

	2022 DKK	2021 DKK
Wages and salaries	21.040.976	23.904.439
Pensions	927.646	1.444.255
Other social security costs	101.131	81.326
	22.069.753	25.430.020
Average number of employees	18	31

The Company's Executive Board is paid by other group companies.

As a result of the Management's decision to cease the activities of the Company, the employee's contracts has been terminated and an accrual for severance pay of 6.751 DKK thousands has been recognised in 2022.

3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

	2022 DKK	2021 DKK
Depreciation intangible assets	0	1.416.508
Depreciation tangible assets	694.375	965.654
Impairment intangible assets	0	10.610.830
	694.375	12.992.992

4 Other operating costs

The Company sold 2 of their investments in subsidiaries during 2021 (DDF Estonia and CCBR Estonia), and the loss has been recognised as other operating expenses.

Notes

	2022 DKK	2021 DKK
5 Financial income		
Exchange gains	6.269.299	6.861.475
	6.269.299	6.861.475
	2022 DKK	2021 DKK
6 Financial costs		
Financial expenses, group entities	955.851	580.348
Other financial costs	88.374	413.989
Exchange loss	0	402.479
Other adjustments of financial expenses	7.258	0
	1.051.483	1.396.816
	2022 DKK	2021 DKK
7 Tax on profit/loss for the year		
Current tax for the year	751.212	0
Deferred tax for the year	0	4.716.112
Adjustment of tax concerning previous years	-847.363	1.083.729
	-96.151	5.799.841
	2022 DKK	2021 DKK
8 Distribution of profit		
Reserve for net revaluation under the equity method	-2.895.110	465.000
Retained earnings	5.630.571	-24.228.856
	2.735.461	-23.763.856

Notes

9 Tangible assets

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2022	16.221.719	9.629.341	25.851.060
Cost at 31 December 2022	16.221.719	9.629.341	25.851.060
Impairment losses and depreciation at 1 January 2022	15.882.613	9.274.072	25.156.685
Depreciation for the year	339.106	355.269	694.375
Impairment losses and depreciation at 31 December 2022	16.221.719	9.629.341	25.851.060
Carrying amount at 31 December 2022	0	0	0
Depreciated over	3-5 years	3-5 years	

10 Investments in group entities

	2022 DKK	2021 DKK
Cost at 1 January 2022	40.412.664	80.137.664
Disposals for the year	0	-39.803.901
Off-set of negative net investment	0	77.901
Cost at 31 December 2022	40.412.664	40.411.664
Revaluations at 1 January 2022	10.954.015	5.643.354
Exchange adjustment	-799.551	4.843.219
Net profit/loss for the year	-2.896.109	-2.995.456
Received dividend	0	-28.316.000
Reversal of revaluation of sold investments	0	31.778.899
Revaluations at 31 December 2022	7.258.355	10.954.016
Carrying amount at 31 December 2022	47.671.019	51.365.680

Notes

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest
CCBR Beijing, China	China	100%
UAB CCBR Lithuania	Lithuania	100%
DDF Lithuania	Lithuania	100%

All foreign subsidiaries are recognised and measured as separate entities.

11 Contract work in progress

	2022 DKK	2021 DKK
Work in progress, selling price	2.792.557	29.291.497
Work in progress, payments received on account	-5.006.882	-31.049.190
	-2.214.325	-1.757.693

Recognised in the balance sheet as follows:

Contract work in progress under assets	106.246	1.352.497
Prepayments received under liabilities	-2.320.571	-3.110.190
	-2.214.325	-1.757.693

12 Other receivables

	2022 DKK	2021 DKK
Deposits	887.050	0
Franchise loan receivables	0	158.189
Receivable, sale of subsidiary	0	1.383.650
VAT	63.780	171.510
Tax receivable	169.079	0
Other receivables	0	17.234
	1.119.909	1.730.583

As of 31 December 2022, other receivables are expected by Management to be collected within 12 months.

Notes

13 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including insurance policies etc.

14 Equity

The share capital consists of 10.000 shares of a nominal value of DKK 1.000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

15 Provision for deferred tax

Provision for deferred tax at 1 January 2022

Deferred tax recognised in income statement

Provision for deferred tax at 31 December 2022

Deferred tax asset

Calculated tax asset

Write down to assessed value

Carrying amount

	2022 DKK	2021 DKK
Provision for deferred tax at 1 January 2022	0	-4.716.112
Deferred tax recognised in income statement	0	4.716.112
Provision for deferred tax at 31 December 2022	0	0
Deferred tax asset		
Calculated tax asset	2.096.961	3.487.948
Write down to assessed value	-2.096.961	-3.487.948
Carrying amount	0	0

At 31 December 2022, the deferred tax asset has been calculated to DKK 2,097 thousand. Due to uncertainty in the level of future profits, and thus the utilisation of tax losses carried forward, Management has not recognised a deferred tax asset in the financial statements.

16 Rent liabilities

Within 1 year

Between 1 and 5 years

	2022 DKK	2021 DKK
Within 1 year	0	4.356.000
Between 1 and 5 years	0	2.971.000
	0	7.327.000

The Company has terminated its lease contract and the remaining liability, which amounts to DKK 6,864 thousands must be paid in 2023. This liability has been recognised as a short-term liability.

Notes

17 Contingent liabilities

Joint taxation

The Company is jointly taxed with Thermo Fisher Scientific Danish companies. The Company is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends falling due for payment.

18 Mortgages and collateral

The Company has not provided any security or other collateral in assets at 31 December 2022.

19 Related parties and ownership structure

Controlling interest

Synexus Compass Inc., 929 North Front Street, Wilmington, NC, USA, Shareholder
Thermo Fisher Scientific Inc., 168 Third Avenue, Waltham, MA, USA 02451, Ultimate parent company

Transactions

Center for Clinical and Basic Research A/S was engaged in the below related party transactions:

Cost plus revenue, DKK 80.512 thousands
Clinical study expenses (COGS), DKK 48.595 thousands
Interest expenses, DKK 956 thousands
Receivables from group entities, DKK 14.771 thousands
Short-term payables to group entities, DKK 91.639 thousands

Ownership structure

According to the company's register of shareholders, the following shareholder holds at least 5% of the votes or at least 5% of the share capital:

Synexus Compass Inc., 929 North Front Street, Wilmington, NC, USA

Consolidated financial statements

The company is reflected in the group report as the parent company Thermo Fisher Scientific Inc., 168 Third Avenue Waltham, MA, USA 02451

The group report of Thermo Fisher Scientific Inc., can be obtained at the following link:

<https://ir.thermofisher.com/investors/financials/annual-reports/default.aspx>

Accounting policies

The annual report of Center for Clinical and Basic Research A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C, as well as provisions applying to reporting class C entities.

The annual report for 2022 is presented in DKK

Pursuant to sections §112, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Changes in accounting policies

The accounting policies have been changed in the following respect:

As the Management has decided to close the Company in 2023, the accounting policy has been changed from preparing the annual report on a going concern basis to preparing the annual report on basis of the realisation principle.

Assets and liabilities are valued at realisable values. As a consequence of the expected closure, all assets are recognised under current assets, while all liabilities are recognised under short-term liabilities.

All revaluation adjustments of assets and liabilities as well as operating entries in connection with expected closure are recognised in the income statement.

The accounting policies are otherwise consistent with those of last year.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

Accounting policies

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Cash flow statement

No cash flow statement has been prepared for the parent company, as the parent company's cash flows are included in the consolidated cash flow statement, see section 86(4) of the Danish Financial Statements Act.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate 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 financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

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 the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Foreign subsidiaries, associates and participating interests 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 such entities opening equity at closing rate and on translation of the income statements from the exchange rates at the transaction date to closing rate are taken directly to the fair value reserve under 'Equity' in the consolidated financial statements.

Income statement

Revenue

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

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Revenue consists primarily of service fee income charged on a cost plus basis and the reimbursement of out of pocket expenses charged at cost.

Revenue from the sale of services on an ongoing basis are recognized as revenue in the period the work is performed and materials supplied or consumed. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

Accounting policies

Cost of sales

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

Other operating income

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

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.

Other external expenses also comprise accrued costs for rent related to early termination of the Company's premises.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees.

Staff costs also comprise costs related to the dismissal of the Company's employees in relation to the closure of the Company.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

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.

Income 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.

Accounting policies

Tax on profit/loss for the year

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Tangible assets

Items of leasehold improvements and other fixtures and fittings, tools and equipment are measured at realisable value.

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

Investments in subsidiaries, associates and participating interests are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the group's accounting policies, plus or less unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill stated according to the purchase method. Negative goodwill is recognised in the income statement on acquisition. Where the negative goodwill relates to contingent liabilities having been taken over, the negative goodwill is not recognised until the contingent liabilities have been settled or no longer exist.

Investments in subsidiaries and associates are measured in the parent company financial statements using the equity method.

Accounting policies

Investments in subsidiaries, associates and participating interests with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Net revaluations of investments in subsidiaries, associates and participating interests are taken to the net revaluation reserve according to the equity method in so far as that the carrying amount exceeds the cost. Dividends from subsidiaries which are expected to be declared before the annual report of Center for Clinical and Basic Research A/S is adopted are not taken to the net revaluation reserve.

Impairment of fixed assets

The carrying amount of intangible assets, items of property, plant and equipment and investments in subsidiaries, associates and participating interests is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets. Write-down is made to the lower of the recoverable amount and the carrying amount.

The recoverable amount is the higher of the net present value and the value in use less expected costs to sell. The net present value is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

Receivables

Receivables are measured at amortised cost.

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

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 is impaired, an impairment loss for that individual asset is recognised.

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, using the effective interest rate of individual receivables or portfolios of receivables as discount rate.

Accounting policies

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 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

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 tax and deferred tax

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

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Accounting policies

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Financial Highlights

Definitions of financial ratios.

EBIT margin	<div>Profit/loss before financials x 100</div> <div>Revenue</div>
Solvency ratio	<div>Equity at year end x 100</div> <div>Total assets</div>
Return on equity	<div>Net profit for the year x 100</div> <div>Average equity</div>
Current ratio	<div>Current assets total x 100</div> <div>Short-term liabilities</div>

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State Authorized Public Accountant

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