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 2021

Approved at the Company's annual general meeting on 8 August 2022

Chair of the meeting:

DocuSigned by:

Julia James

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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 2021.

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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

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

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

Copenhagen, 8 August 2022
Executive Board:

DocuSigned by:
Dustin Owen
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Dustin Nathan Owen

Board of Directors:

DocuSigned by: Julia James DE23D6245B3242E...	DocuSigned by: Richard Harris D5294F706A43429...	DocuSigned by: Dustin Owen 08CD9375E6464E0...
Julia Mary James Chair	Richard Stuart Harris	Dustin Nathan Owen

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 2021, 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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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, 8 August 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Birgit Morville Schrøder	Anders Roe Eriksen
State Authorised Public Accountant	State Authorised Public Accountant
mne21337	mne46667

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, Chair Richard Stuart Harris Dustin Nathan Owen
Executive Board	Dustin Nathan Owen
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Financial highlights

DKK'000	2021	2020	2019	2018	2017
Key figures					
Revenue	94,361	120,590	40,638	6,056	8,205
Gross profit	25,983	58,977	-22,347	4,895	6,825
Operating profit/loss	-13,894	20,936	-42,043	12,916	-102,430
Profit/loss for the year	-23,764	4,799	-47,356	-8,696	-80,960
Total assets	75,316	152,308	171,534	265,655	250,410
Equity	-37,633	-18,712	-22,342	24,769	31,839
Financial ratios					
Operating margin	-21.7%	17.4%	-103.9%	213.3 %	-1,248.4 %
Current ratio	23.6%	29.7%	29.1%	1.9%	1.8%
Equity ratio	-50.0%	-12.3%	-13.0%	9.3%	12.7%
Return on equity	84.4%	-23.4%	-3,902.4%	-30.7%	-506.7%
Average number of full-time employees	31	54	28	7	7

For terms and definitions, please see the accounting policies.

In August 2019, the Company acquired trade and assets of a clinical trials business based in Denmark, including investments in 6 subsidiaries. In 2019, the Company disposed their branch in Germany in 2019. Before 2019, the Company was primarily a holding company recognising 1 subsidiary in Denmark at equity value, and having a German Branch with limited operations (7 FTEs).

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 2020, the Company became a service entity to Synexus Clinical Research Limited (SCRL), a fellow company within the PPD Group, and its primary activity is to support the delivery of clinical trials contracts held by SCRL. The Company earns revenue on this activity on a cost plus transfer pricing basis.

On December 8, 2021, the Thermo Fisher Scientific Inc. acquired PPD, Inc., The Company is now part of our Laboratory Products and Biopharma Services segment in the Thermo Fisher Scientific group.

Unusual matters having affected the financial statements

Going concern

The Company's total liabilities other than provisions totalled DKK 113 million, compared to non-fixed assets of DKK 20 million at 31 December 2021. The Company's aggregate current liabilities primarily consist of payables to group entities, DKK 73 million. The Company is to a wide extent financed by way of loans made available by the group.

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 by way of new loans, capital injections or intercompany payables not to repaid unless the Company has the means to do so.

Reference is made to note 2 for more details.

Financial review

The income statement for 2021 shows a loss of DKK 23,764 thousand against a profit of DKK 4,799 thousand last year, and the balance sheet at 31 December 2021 shows a negative equity of DKK 37,633 thousand. The loss for the year is primarily due to the impairment of goodwill (DKK 10.6 million), and losses related to subsidiaries primarily due to disposal of 2 subsidairies in Estonia and close down of activity in Lituania (in total DKK 9.5 million). Management considers the result to be unsatisfactory.

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 7.

Share capital

More than 50% of the share capital has been lost, and management expects to reestablish the share capital through own earnings (cost plus) and a combination of reduction in the share capital hand a conversion of intercompany debt.

Knowledge resources

The Company's primary activities are, as mentioned under the section "The Company's business review", 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.

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.

Management's review

Financial risks and use of financial instruments

Business risk

The Company's service offerings include image and molecular marker analysis in the life science research field, which is characterized by rapid technology advances and changes in customer requirements. The success of the Company depends on Management's ability to anticipate or to quickly and adequately respond to technological developments in its industry and changes in customer requirements or industry standards. Any significant delays in the development or introduction of services could have a material adverse effect on the Company's business and operating results.

Currency exposure

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

Financial risk

The Company's total liabilities other than provisions totalled DKK 113 million, compared to non-fixed assets of DKK 20 million at 31 December 2021. The Company's aggregate current liabilities primarily consist of payables to group entities, DKK 73 million. The Company is to a wide extent financed by way of loans made available by the group.

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 by way of new loans, capital injections or intercompany payables not to repaid unless the Company has the means to do so.

Interest exposure

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

Impact on the external environment

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.

Events after the balance sheet date

In 2022, COVID-19 did not have a material impact on the company's operations or financial position.

Similar, the situation in Eastern Europe did not have a material impact on the company's operations or financial position.

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

Outlook

For 2022, Management expects revenue in the range of DKK 80-100 million and a pre-tax profit in the range DKK 0-10 million.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2021	2020
	Revenue	94,361	120,590
3	Other operating income	1,454	0
	Raw materials and consumables	-55,392	-47,862
	Other external expenses	-14,440	-13,751
	Gross profit	25,983	58,977
4	Staff costs	-25,430	-35,398
5	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-12,993	-2,644
6	Other operating expenses	-7,992	-6
	Profit/loss before net financials	-20,432	20,929
	Income from investments in group entities	-2,996	-10,489
7	Financial income	6,861	0
8	Financial expenses	-1,397	-13,108
	Profit/loss before tax	-17,964	-2,668
9	Tax for the year	-5,800	7,467
	Profit/loss for the year	-23,764	4,799

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	ASSETS		
	Fixed assets		
10	Intangible assets		
	Acquired intangible assets	0	17
	Goodwill	0	12,010
		0	12,027
11	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	339	876
	Leasehold improvements	355	784
		694	1,660
12	Investments		
	Investments in group entities	51,366	85,781
	Deposits	2,909	2,854
		54,275	88,635
	Total fixed assets	54,969	102,322
	Non-fixed assets		
	Receivables		
	Trade receivables	2,586	4,663
13	Work in progress for third parties	1,352	1,181
	Receivables from group entities	4,228	12,871
17	Deferred tax assets	0	4,716
15	Other receivables	1,731	1,765
14	Prepayments	244	531
		10,141	25,727
	Cash	10,206	24,259
	Total non-fixed assets	20,347	49,986
	TOTAL ASSETS	75,316	152,308

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	EQUITY AND LIABILITIES		
	Equity		
16	Share capital	10,000	10,000
	Net revaluation reserve according to the equity method	10,954	5,646
	Retained earnings	-58,587	-34,358
	Total equity	-37,633	-18,712
	Liabilities other than provisions		
18	Non-current liabilities other than provisions		
	Payables to group entities	26,866	0
	Other payables	0	2,628
		26,866	2,628
	Current liabilities other than provisions		
	Lease liabilities	0	73
13	Prepayments on work in progress	3,110	2,218
	Trade payables	12	27,525
	Payables to group entities	72,708	121,344
	Income taxes payable	1,240	0
	Other payables	9,013	17,232
		86,083	168,392
	Total liabilities other than provisions	112,949	171,020
	TOTAL EQUITY AND LIABILITIES	75,316	152,308

1 Accounting policies
2 Going concern uncertainties
4 Staff costs
19 Contractual obligations and contingencies, etc.
20 Collateral
21 Related parties
22 Appropriation of profit/loss

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
	Equity at 1 January 2020	10,000	17,306	-49,647	-22,341
22	Transfer, see "Appropriation of profit/loss"	0	-10,490	15,289	4,799
	Exchange adjustment	0	-1,170	0	-1,170
	Equity at 1 January 2021	10,000	5,646	-34,358	-18,712
22	Transfer, see "Appropriation of profit/loss"	0	465	-24,229	-23,764
	Exchange adjustment	0	4,843	0	4,843
	Equity at 31 December 2021	10,000	10,954	-58,587	-37,633

At 31 December 2021, more than 50% of the share capital has been lost. Management expects to reestablish the share capital through own earnings (cost plus) and a combination of reduction in the share capital hand a conversion of intercompany debt.

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 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized 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 2021 of the ultimate holding company Thermo Fisher Scientific Inc.

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

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking company Thermo Fisher Scientific Inc.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

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).

Other operating income and operating expenses

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.

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 and impairment

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

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/loss 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

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

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.

Liabilities

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

Other liabilities are measured at net realisable value.

Financial ratios

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

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Operating margin	$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

2 Going concern uncertainties

The Company's total liabilities other than provisions totalled DKK 113 million, compared to non-fixed assets of DKK 20 million at 31 December 2021. The Company's aggregate current liabilities primarily consist of payables to group entities, DKK 73 million. The Company is to a wide extent financed by way of loans made available by the group.

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 by way of new loans, capital injections or intercompany payables not to repaid unless the Company has the means to do so.

3 Other operating income

The Company sold property in the subsidiary during 2021 (DDF Lithuania), and the gain has been recognised as other operating income.

Financial statements 1 January - 31 December

Notes to the financial statements

	DKK'000	2021	2020
4	Staff costs		
	Wages/salaries	23,905	32,864
	Pensions	1,444	2,083
	Other social security costs	81	451
		25,430	35,398
	Average number of full-time employees	31	54

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

	DKK'000	2021	2020
5	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment		
	Amortisation of intangible assets	1,416	1,681
	Impairment of intangible assets	10,611	0
	Depreciation of property, plant and equipment	966	963
		12,993	2,644

6 Other operating expenses

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.

	DKK'000	2021	2020
7	Financial income		
	Exchange adjustments	6,861	0
		6,861	0

	DKK'000	2021	2020
8	Financial expenses		
	Interest expenses, group entities	580	497
	Other interest expenses	111	72
	Exchange losses	402	12,539
	Other financial expenses	304	0
		1,397	13,108

	DKK'000	2021	2020
9	Tax for the year		
	Deferred tax adjustments in the year	4,716	-4,716
	Tax adjustments, prior years	1,084	-2,751
		5,800	-7,467

Financial statements 1 January - 31 December

Notes to the financial statements

10 Intangible assets

DKK'000	Acquired intangible assets	Goodwill	Total
Cost at 1 January 2021	4,682	13,992	18,674
Cost at 31 December 2021	4,682	13,992	18,674
Impairment losses and amortisation at 1 January 2021	4,665	1,982	6,647
Impairment losses in the year	0	10,611	10,611
Amortisation/depreciation in the year	17	1,399	1,416
Impairment losses and amortisation at 31 December 2021	4,682	13,992	18,674
Carrying amount at 31 December 2021	0	0	0
Amortised over	3-5 years	10 years	

Goodwill primarily consists of know-how relating to the acquired activities during 2019. During 2021, management identified lower activity level and also disposed some of the subsidaries which in the past performed portions of the clinical study activity. Management has made an impairment test of the goodwill remaining 31 December 2021, and concluded that the recoverable amount is zero since the future activity level is decreasing regarding new independent clinical studies.

11 Property, plant and equipment

DKK'000	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2021	16,222	9,629	25,851
Cost at 31 December 2021	16,222	9,629	25,851
Impairment losses and depreciation at 1 January 2021	15,346	8,845	24,191
Amortisation/depreciation in the year	537	429	966
Impairment losses and depreciation at 31 December 2021	15,883	9,274	25,157
Carrying amount at 31 December 2021	339	355	694
Depreciated over	3-5 years	3-5 years	

Financial statements 1 January - 31 December

Notes to the financial statements

12 Investments

DKK'000	Investments in group entities	Deposits	Total
Cost at 1 January 2021	80,137	2,854	82,991
Additions in the year	0	55	55
Off-set of negative net investment	79	0	79
Disposals in the year	-39,804	0	-39,804
Cost at 31 December 2021	40,412	2,909	43,321
Value adjustments at 1 January 2021	5,644	0	5,644
Exchange rate adjustment	4,843	0	4,843
Dividend distributed	-28,316	0	-28,316
Share of the profit after tax	-2,996	0	-2,996
Reversal of revaluation of sold investments	31,779	0	31,779
Value adjustments at 31 December 2021	10,954	0	10,954
Carrying amount at 31 December 2021	51,366	2,909	54,275

The Company sold 2 of their investments in subsidairies during 2021 (DDF Estonia and CCBR Estonia).

Of the total carrying amount, negative net assets in group entities (Hong Kong Asia), DKK 79 thousand, have been set off against intercompany receivables.

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

	DKK'000	2021	2020
13	Work in progress for third parties		
	Selling price of work performed	29,291	18,365
	Progress billings	-31,049	-19,402
		-1,758	-1,037
	recognised as follows:		
	Work in progress for third parties (assets)	1,352	1,181
	Work in progress for third parties (liabilities)	-3,110	-2,218
		-1,758	-1,037

14 Prepayments

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

Financial statements 1 January - 31 December

Notes to the financial statements

	DKK'000	2021	2020
15	Other receivables		
	Franchise loan receivables	158	1,404
	Receivable, sale of subsidiary	1,383	0
	VAT	172	356
	Other receivables	18	5
		1,731	1,765

As of 31 December 2021, other receivables are expected by Management to be collected within 12 months.

	DKK'000	2021	2020
16	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.

	DKK'000	2021	2020
17	Deferred tax		
	Deferred tax at 1 January	-4,716	0
	Change in deferred tax for the year	4,716	-4,716
	Deferred tax at 31 December	0	-4,716

At 31 December 2021, the deferred tax asset has been calculated to DKK 3,517 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.

18 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Payables to group entities	26,866	0	26,866	0
	26,866	0	26,866	0

The company has settled the long-term liability regarding frozen holiday allowance during 2021.

Payables to group entities amounts to DKK 26,866 thousand at 31 December and the debt matures in April 2024 which is below 5 years from December 2021.

19 Contractual obligations and contingencies, etc.

Joint taxation

The Company is jointly taxed with its sister company, PPD Denmark, filial af PPD Scandinavia AB, Sverige, and which acts as management company, and from 8 December 2021, also 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.

Financial statements 1 January - 31 December

Notes to the financial statements

19 Contractual obligations and contingencies, etc. (continued)

Other financial obligations

Other rent liabilities:

DKK'000	2021	2020
Rent liabilities	7,327	10,074

Contractual commitments relate to the rent contracts with termination clauses. Rent and lease liabilities include a rent obligation totalling DKK 7,327 thousand in interminable rent agreements with remaining contract terms of 1-3 years. DKK 4,356 thousand falls due within 12 months.

20 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2021.

21 Related parties

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

Parties exercising control

Related party	Domicile	Basis for control
Synexus Compass Inc.	929 North Front Street, Wilmington, NC, USA	Shareholder
Thermo Fisher Scientific Inc.	168 Third AvenueWaltham, MA USA 02451	Ultimate parent company

Significant influence

Related party	Domicile	Basis for significant influence

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Thermo Fisher Scientific Inc.	168 Third Avenue Waltham, MA USA 02451	https://ir.thermofisher.com/investors/financials/annual-reports/default.aspx

Financial statements 1 January - 31 December

Notes to the financial statements

21 Related parties (continued)

Related party transactions

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

DKK'000	2021	2020
Cost plus revenue	81,768	64,325
Clinical study revenue	2,127	37,064
Other operating income	1,454	0
Clinical study expenses (COGS)	-53,221	-27,174
Other operating expenses	-7,992	0
Interest expenses	-580	-497
Receivables from group entities	4,228	12,871
Long-term payables to group entities	26,866	0
Short-term payables to group entities	72,708	121,344

Sale of 2 subsidiaries to a member of the Executive Board that resigned during 2021: DKK 1,383 thousand. The sale has been recognised under other operating expenses.

Regarding income from investments, refer to note 12.

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

	DKK'000	2021	2020
22	Appropriation of profit/loss		
	Recommended appropriation of profit/loss		
	Net revaluation reserve according to the equity method	465	-10,490
	Retained earnings/accumulated loss	-24,229	15,289
		-23,764	4,799